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Problems of Economics

ВОПРОСЫ ЭКОНОМИКИ

English Translation of the U.S.S.R. Monthly Journal **VOPROSY EKONOMIKI**

IN THIS ISSUE

In the Interest of Building Communism

Lenin's Plan of Peaceful Socialist Construction

The Implementation of Lenin's Plan of Electrification

The Question of Publishing V. I. Lenin's Complete Works

Some Questions of the Development of Intensive Agriculture

A System of Machines for the Complex Mechanization of Agricultural Production

Questions of Machine Building Specialization in an Economic Region

The Action of the Law of Monetary Circulation under Socialism

Problems of the Economic Ties of Industry and Trade under New Conditions

Collaboration of the Czechoslovakian Republic with Economically Underdeveloped Countries

Some Attempts to Distort the Facts Concerning the Development of the Soviet Economy

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Editorial:

In the Interest of Building Communism

The Communist Party of the Soviet Union in its whole creative activity relies on the creative initiative of the broadest masses of toilers, on their political and production activity. The Party sees its sacred duty, bequeathed to it by the great Lenin, as the struggle for the good of the people, self-sacrificing service to their basic, vital interests. V. I. Lenin placed above everything the historical creativeness of the masses. He pointed out that "the minds of tens of millions of creative human beings create something immeasurably greater than the great foresight of a genius" ("Works," Vol. 26, p. 431), that only from the collective experience of the masses may a correct decision be born.

The CP and the Soviet Government, firmly and steadfastly realizing in life the program of building communism outlined by the 20th Congress of the CPSU, are carrying out a number of the most important measures directed at the improvement of the forms of management in the national economy, measures which satisfy the matured needs of development of Soviet society. These measures are the result of a deep study of the practical experience of the popular masses and theoretical generalization of the real processes of the rich and many-sided life of the Soviet Union; they serve the cause of further drawing millions upon millions of toilers in the cities and villages into the management of the national economy; they give wide scope to the creative ability of the people.

The decision of the February Plenum of the CC, CPSU, and the law passed by the Supreme Soviet of the USSR, following the report of the First Secretary of the CC, CPSU, and Chairman of the USSR Council of Ministers, Comrade N. S. Khrushchev, concerning the further development of the kolkhoz regime and reorganization of the MTS, represent a new important landmark in the development of our country on the road to communism.

This vital question was referred to the people for a general discussion and brought the warm response of many millions of Soviet people. The Party, organizing the general discussion of this question and relying on the collective opinion of the masses, wanted to find the most perfect forms for the solution of the question—how to develop further the kolkhoz regime and to reorganize the MTS in order to create an abundance of agricultural products and in order to carry out the plans of communist construction in our country. 576,879 general meetings took place between the 1st and 25th of March in the collective farms, MTS, state farms, factories and plants, in the scientific organizations and educational institutions. At these meetings almost fifty million people were present. More than three million men offered their observations and suggestions at these meetings; about 103,000 articles and letters with suggestions concerning this question were published in the newspapers and magazines.

The general discussion showed that the measures for the further development of the kolkhoz regime prepared by the CP, just as the recently carried out overhauling of the system of management in industry and construction, not only are of tremendous practical significance for the national economy in the successful solution of the question of the gradual transition from socialism to communism, but also have great theoretical, truly programmatic importance. At the same time, in the broad scale of the general discussion, the socialist democracy of the Soviet system, ensuring in fact the active participation of the toilers in the management of the state and in the solution of the most important questions of economic and cultural construction, appeared with new force. Measures taken for the further development of the kolkhoz regime and reorganization of the MTS received unanimous support and full approval of all the peoples of our multi-national socialist state. The law passed by the Supreme Soviet of the USSR fully reflects the will of the people and answers the requirements of the present development of the national economy of the Soviet Union and of each of the union republics.

The question of the reorganization of the MTS was raised not because the MTS were unable to ensure the material-technical servicing of the collective farms. On the contrary, the MTS, at another stage of development, were the best form of combining the initiative and activity of the kolkhoz masses with the organizational and technical help and guidance on the part of the state. But under present conditions this form to a great degree fulfilled its political, economic, and organizational functions. Marxism-Leninism teaches that the relations of men in the process of production must correspond to the level of development of the productive forces of society, that the forms of these relations must change as the state of the productive forces changes. In creating MTS our Party did not consider them as a permanent form of production-technical servicing of the collective farms; it never considered building up the MTS as a goal in itself. To perpetuate forms which sooner or later begin to slow down the development of the productive forces, clinging to the old, moribund forms would be a serious mistake. The time has arrived when the need for an intermediate link in relations between the state and the collective farms—and the MTS were such a link—has disappeared and the time is ripe to go over to new forms of economic relations between the state and kolkhoz sectors of production. At the present stage of kolkhoz development, when collective farms are able to undertake large capital investments in production, to acquire complex machines and ensure their proper utilization, the sale of tractors and other agricultural machines to the collective farms becomes a peremptory demand of life. The necessity to reexamine the old order of the production-technical servicing of kolkhoz production was seen especially clearly in the examples of the collective farms in the regions of large-scale grain production where the MTS carried out an overwhelming part of the work on the kolkhoz fields. In this situation, as comrade N. S. Khrushchev showed in his report to the session of the Supreme Soviet of the USSR, the basic productive force of agriculture—the labor force of the collective farms—is, so to speak, separated from the main implements of production—tractors and other machines—and this prevents the most effective utilization of the labor force and machines.

Recently many attempts were made at the local level to find a solution of the problems connected with the mutual relations of the MTS and collective farms. The creation of a single tractor-field brigade, the assignment to the collective farms of tractors and other agricultural machines, at their full disposal for the whole season of field work, the introduction of a single management for the collective farm and the MTS etc.—all this experience was studied by the Party and creatively generalized, and it found the only proper way to solve the matured contradiction. This method—the reorganization of the MTS and the sale of machines to the collective farms—opens new possibilities to use more fully the great advantages of large-scale socialist agricultural production. Now the land which belongs to the state but is forever assigned to the collective farms and the tools of agricultural production are concentrated in the same hands under conditions in which there is complete domination of the socialist production relationships and when the guiding role belongs to the working class with the Communist Party at its head. Thus new economic stimuli appear to further the growth of labor productivity, to lower the cost of agricultural products and to create a sufficiency and then an abundance of products in the country.

The decisions of the February Plenum of the CC, CPSU, and of the Supreme Soviet also advance Marxist-Leninist economic theory. The question of the essence and forms of socialist property, the mutual relations of these forms and the course of their development is one of the most basic, programmatic questions of socialist political economy. The change of the forms of production-technical servicing of the collective farms at the present stage of building communism is not only a serious organizational measure. It touches upon a number of important problems such as: the strengthening of the alliance of the working class and the kolkhoz peasantry; the development of collective socialist property, the basis of Soviet society; the extension and strengthening of kolkhoz property and methods of raising it to the level of national property; the development of both forms of socialist property on the way to communism. These problems found a deep scientific exposition in Comrade N. S. Khrushchev's report.

Examination of the economic nature and essence of the indivisible funds of the collective farms was given a special place in that report. The process of development of the kolkhoz economy is proceeding in such a way that indivisible funds are constantly growing and become different in quality from those during the first years of collectivization. Now more and more they are approaching in structure and social character the all-national production funds. Many collective farms have their own electric stations as well as subsidiary enterprises equipped with modern machinery. The construction of interkolkhoz electric stations, irrigation canals, water reservoirs, schools and hospitals is proceeding on a greater and greater scale. In this way the collective farms unite their efforts for the solution of tasks which are beyond the strength of individual farms and they build structures which in essence are of all-national importance. The elements of the transformation of kolkhoz-cooperative property into all-national property are easy to see.

Of course, the production funds of the agricultural artel belong to a given collective of the members of the farm; but one should not forget that these funds were created with the active participation of the working class, with the help of the Soviet state. Even if we look from the purely legal point of view it is known that the indivisible funds of the collective farms are called indivisible exactly because they cannot be disposed of or divided among the members of the farm, for example, in case of a dissolution of a collective farm or its merger with another collective farm, etc.

In the course of the national discussion of the question concerning further development of the kolkhoz regime and reorganization of the MTS, the question was advanced at many meetings of the collective farms as to whether indivisible funds should not be considered national property. These questions deserve our most persistent scrutiny. The questions of indivisible funds, their formation and development, their structure and economic essence deserve a careful study.

The method of distribution of kolkhoz incomes by labor-days and of allocations to indivisible funds, established years ago, should also be reexamined. The necessity of such reexamination is derived directly from those real changes which took place under conditions of a transition to the new stage in the development of the kolkhoz regime, when collective farms become owners of all tools of production. In the standard statute of the agricultural artel it is stated that not less than 12% and not more than 20% of the money incomes of the collective farms should be allocated to indivisible funds. Such requirements do not correpond to the conditions of kolkhoz construction.

Undoubtedly the money income of the collective farms will continue to grow together with the growth of the production of agricultural products. This means that the collective farms will have the possibility of increasing their capital investments and that the part of the indivisible funds in the total income will grow. The members of the farms are vitally interested in this. The growth of allocations to the indivisible funds should take place, of course, not through a decrease in the funds assigned to the members' personal consumption, but as a result of the increase in the growth of income of the collective economy, the better utilization of each ha. of agricultural land and lowering the costs of agricultural products.

The improvement of the system of agricultural product procurement and procurement prices, in order to encourage an economically high rate of expanded kolkhoz reproduction, while ensuring the all-national interests in the development of the whole economy, is of great national economic importance.

The economic law of distribution according to labor is in operation in agriculture and in the whole national econom of the USSR. The requirements of that law must be considered in full measure in the organization and payment of labor on the collective farms. As the level of the economi development of various collective farms is not the same, naturally, payment of labor on the best collective farms will be somewhat higher than on the average collective farms. Yet the payment of labor on the best farms should not go too far ahead of others and it should not be realized only in the form of the distribution of material goods for individual consumption.

The leading, economically strong collective farms may divert more means to the indivisible funds in order to develop the collective economy at a higher rate, to apply mechanization more widely and to develop construction. This in no way would diminish the material interest of the kolkhoz farmer of such collective farms in the growth of production. He will feel that with the growth of the econom he will obtain more goods not only through the payment fo labor-days, but also through other sources. What are thes sources? Collective farms which already have reached a high level of economic development through the increase their indivisible funds, would create new possibilities for more intensive management of their economy. They will b able to allocate more means for the construction of house schools and dormitories, kindergartens, creches, lying-in homes, hospitals, public dining rooms, clubs and homes for the older members. It is also important to develop the construction of kolkhoz roads and build on cooperative principles interkolkhoz roads, electrostations, and enterprises processing agricultural products and producing building materials. All this will raise the material and cultural level of the peasantry higher and higher.

A just socialist distribution of material goods will help to develop the whole Soviet economy and insure the constant rise of the standard of living. Systematic realization of this principle in agriculture as well as in industry will cement further the alliance of the working class and peasantry, the unity of the whole Soviet people.

The expansion and improvement of the technical-material base of production, the growth of indivisible funds of the collective farms, the rise in the level of collectivization of kolkhoz production, the expansion of interkolkhoz ties: these are the most important conditions for the development of the kolkhoz property and its growth into national property. Such a policy is in full consonance with the tasks of building a communist society.

The practical realization at local levels of the February decisions of the CC Plenum, CPSU, further development of the kolkhoz regime and reorganization of the MTS, advance into the forefront a number of serious questions related first of all with the conditions and procedure of selling MTS machines to the collective farms.

Many progressive, economically strong collective farms can pay at once for agricultural machines they want to acquire, and can ensure their highly productive utilization.

A somewhat different situation exists in respect to the average collective farms. They cannot buy machines quickly because of their economic situation, but they are able to use them properly. According to the decision of the CC, CPSU, and of the Council of Ministers of the USSR "Concerning further development of the kolkhoz regime and the reorganization of the MTS" it is permitted to sell machines to such collective farms on an installment basis for a two- to three-year paying period, but not more than five years. The average collective farms, when they concentrate the basic means of production in their hands, will be able quickly to improve their status and make their contribution to the cause of raising the welfare of the Soviet people. Here again, in order to determine the proper length of the installment payments, it is necessary to examine carefully the material possibilities of each collective farm.

Of great importance is the establishment of correct prices on tractors and agricultural machines based on corresponding claculations which take into consideration their wear and tear. These prices should be advantageous to the collective farms and yet should not bring losses to the state.

As to the economically weak collective farms, they need first of all organizational help for strengthening their management. During the general discussion there were suggestions to lease to such collective farms agricultural machines or to give them such machines free. Such suggestions are unacceptable not only because a transfer without payments will cause losses to the state, but also because it would be a violation of the principle of socialist relations between the state and the collective farms. A free transfer of machines can only strengthen the feeling of dependence and would undermine the material interest of the kolkhoz members in the development of production. Consequently the problem is how to strengthen quickly the lagging collective farms organizationally and to ensure a higher level of economic development for them. Time is necessary for this and in the meantime it will be necessary to preserve the existing order of their production-technical servicing.

The correct determination of the number of tractors and other agricultural machines needed by each collective farm is of great importance. Undoubtedly collective farms will be able to utilize machines better and they will, in a number of cases, need a smaller number of machines than were used when collective farms were served by the MTS. However, the possibility should not be ruled out that some narrowminded leaders, eager for false economies, will try to buy as few machines as possible. Such an economy may be expensive for a collective farm: a shortage of machines may result in a delay in completing agricultural harvesting and other work and consequently lead to lowering the yields, and the collective farm will lose more in yields than it would gain on machines. In view of this each collective farm should be helped in calculating how many and which type of machines it needs to buy in order to carry out all agricultural work on time and mechanize operations to a maximum degree.

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The First Session, Fifth Convocation, of the USSR Supreme Soviet can be justly called historical. Its documents outline the most important tasks of domestic and foreign policy of the Soviet state under present conditions, the tasks of communist construction in our country and strengthening peace in the whole world. The Session passed a law concerning the development of the kolkhoz regime and the reorganization of the MTS, a decision on the formation of the new government of the USSR—the USSR Council of Ministers, with Comrade N. S. Khrushchev at its head; a decision concerning a unilateral cessation by the Soviet Union of testing atomic and hydrogen weapons; an appeal to the United States Congress and to Great Britain's Parliament concerning the cessation of nuclear weapons tests; an appeal to the Bundestag of the Federal Republic of Germany; an appeal to the parliaments of all countries of the world on the question of the cessation of testing nuclear weapons; and a decision to commission the chairmen of both Chambers to appeal to the parliaments of states which participated in the anti-Hitler coalition and to the countries which suffered from Hitler aggression during the years of World War II.

The decisions of the February Plenum of the CC, CPSU, and of the Session of the USSR Supreme Soviet, are of tremendous importance for the successful solution of the tasks of building communism and are a model of creative development of Marxist-Leninist theory as applied to the present conditions of domestic and international life. There is no doubt that the peoples of the Soviet Union, firmly rallying around the CP and Leninist Central Committee, are successfully carrying out these historical decisions and thus will take a new great step on the road to communism.

I. Gladkov:

Lenin's Plan of Peaceful Socialist Construction

(On the Occasion of the 40th Anniversary of the Publication of Lenin's "Next Tasks of the Soviet Power")

Forty years ago, in March and April, 1918, Vladimir Ilyich Lenin wrote a work of a programmatic character, "Next Tasks of the Soviet Power," in which a concrete plan of socialist construction was drawn up. This plan was based on the laws of the transition from capitalism to socialism discovered by Marxism-Leninism, on the fact that the reconstruction of society along socialist principles was impossible without the dictatorship of the proletariat, without the abolition of private capitalist property and the transformation of the basic means of production into collective property. The starting point of Lenin's plan was that the forms of transition of various countries from capitalism to socialism may be different.

Refuting the fabrications of the bourgeoisie and its servants that Marxism considers violence and civil war as the only methods of transition to socialism, Lenin emphasized on the eve of the October Revolution that a peaceful development of the social revolution is in the interests of the working class and of the whole people. On the basis of Lenin's thesis the 20th Congress of the CPSU and later a conference of the representatives of the Communist and Workers' Parties in the socialist countries proclaimed that the use of violence or absence of it in the transition toward socialism depends, not so much upon the proletariat, as upon the degree of resistance on the part of the exploiters to the will of the overwhelming majority of toilers, that the working class and its vanguard—the Marxist-Leninist Party—aim at carrying out socialist revolution by peaceful means. The greatest theoretical and practical importance of Lenin's work, "Next Tasks of the Soviet Power," consists in the fact that here a complete plan of peaceful socialist transformation of economic life under conditions of the dictatorship of the proletariat was developed for the first time and given a scientific foundation.

After the conquest of political power in October, 1917, the working class of Russia in alliance with the poorest peasantry broke the resistance of the exploiters in a short time. By the spring of 1918 this task was in the main solved: the Soviet power became entrenched in the whole country. "We, the party of the Bolsheviks," wrote V. I. Lenin in March-April, 1918, "convinced Russia. We won Russia from the rich for the poor, from the exploiters for the toilers. Now we must govern Russia."(1)

The main capitalist states, continuing the imperialist war, could not then render substantial help to the Russian counterrevolution. However, the international position of the Soviet country was extremely difficult, as a real threat of an attack by the foreign imperialists was present. The Soviet power utilized the peaceful period (up to the time when the military intervention was let loose) in order to strengthen the conquests of the October Revolution, to start the construction of socialism.

The first decrees of the Soviet power outlined the landmarks in the construction of a socialist economy. Important revolutionary-economic reforms were carried out as early as spring, 1918. The most important task of the moment, wrote Lenin at that time, was the concentration of all efforts on a business-like, practical carrying out of society's transformation that had been proclaimed and initiated. Building the foundation and the structure of socialism was to start from all sides.

Lenin pointed out that the Soviet land had all the necessary elements for the construction of a socialist society, that the victorious working class had the possibility of transforming Russia with its own efforts into a powerful and rich socialist country. He wrote: "We have sufficient materials in natural riches, in the reserves of human resources, in the wonderful scope which the great revolution gave to the people's creativeness in order to build a really powerful Russia which will have an abundance of everything." He appealed to the toilers to exert all their efforts "to build a strong foundation for a socialist society, placing stone upon stone" (pp. 134-135).

Lenin's plan of peaceful socialist construction foresaw the realization of socialist collectivization of the basic means of production, the creation of modern industry, the electrification of the national economy, the transformation of the small peasant farms along socialist principles, and the realization of a cultural revolution. In this plan the objective needs of national social development found their reflection. This plan expressed the aspirations and needs of the toilers, ensuring the unity of purpose and unity of action of the masses, raised by the great revolution to independent creativeness.

Lenin's program of socialist construction took as its starting point the necessity to strengthen by all means the dictatorship of the proletariat as the main tool in the organization of the new economy. In his struggle with the Trotskyites, "Left Communists," and other opportunists who were against the leading role of the Soviet state in socialist construction, Lenin developed deeply and comprehensively the thesis that the dictatorship of the proletariat should also be realized in economic life. Exposing attempts of the "Left Communists" to replace the Bolshevik thesis on the dictatorship of the proletariat in economic life with general chattering about a "thorough organization" Lenin pointed out that the dictatorship of the proletariat in the field of economics is "the edge of the proletarian revolutionary dictatorship against the economic foundations of capitalism" (p. 317). Lenin constantly underscored the enormous role of the workers' and peasants' state in the construction of socialism and communism.

The scientific program of socialist construction, worked out by Lenin in the spring of 1918, was based on a deep analysis of the economics and classes of the period of transition from capitalism to socialism. Showing the main features of the transitional period, Lenin demonstrated that here elements of various social-economic regimes were intertwined that the basic forms of the social economy of that epoch were socialism, small commodity production, and capitalism; and that the basic classes were the working class, the peasantry, and the bourgeoisie. He wrote: in the transitional set-up "there are elements, little pieces of both capitalism and socialism" (p. 303). The economy of the transition period united in itself the features and qualities of socialism under construction and of capitalism which had been overthrown but had not been overcome. The struggle between socialism and capitalism was the main contradiction of the transition period. Outlining the perspectives of socialist construction Lenin pointed out that in order to ensure the victory of socialism in the national economy the dictatorship of the proletariat had to carry out a tremendous task which would take much time; this work was directed at the development and strengthening of the socialist regime, at the restraining and squeezing out of capitalist elements in the cities and villages, at overcoming the survivals of capitalism, at the socialist transformation of small commodity production. Lenin's characterization of the transitional economy and the roads by which it advanced toward socialism were a most valuable contribution to the Marxist science of socialist revolution and the transition from capitalism to socialism.

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(1) V. I. Lenin, "Next Tasks of the Soviet Power," "Works," Vol. 27, p. 214. References to this work and to works connected with it are hereafter given in the text of the article.

In his work "Next Tasks of the Soviet Power" and works which are connected with it Lenin outlined the basis of the economic policy of the dictatorship of the proletariat in the period of transition from capitalism to socialism. This policy has as the starting point the fact that the base of the transitional economy and its movement toward socialism is the connecting up of socialist industry and of small commodity producers—peasant farms—in the villages. Lenin advanced and developed the thesis that the economic connection between industry and agriculture cannot be realized without trade, that in the interests of socialist construction it is necessary to use the institutions of production, the market, and money. In his report on the next tasks of the Soviet power, delivered on April 29, 1918, Lenin said that a proper management of the economy by the victorious working class necessarily presupposes precise calculations as to what was produced and learning the connections of production with the market (p. 265). In the "Next Tasks of the Soviet Power" he outlined measures for the state control and regulation of trade, the development of cooperation, the struggle with speculation, restraints to be imposed upon the capitalist elements, the preparation of an operation of "encircling" capitalism, and the creation of conditions under which in the future neither the existence nor the reappearance of the exploiting classes would be possible.

The Soviet methods of management—self-support of business units and a regime of economy—which began to be gradually applied were based on the utilization of commodity production and money in the interests of socialism. "Count the money punctually and scrupulously, manage the enterprise with an eye to economies, don't be lazy, don't steal, and keep the strictest labor discipline"—such was Lenin's opinion of the most pressing tasks of the economic policy of the dictatorship of the proletariat. He emphasized that the practical realization of these slogans by the Soviet power, with its methods, on the basis of its laws, was a necessary and sufficient condition for the final victory of socialism (pp. 215, 216).

Thus, in the first months of the socialist revolution, Lenin proclaimed and established a foundation for the basic principles of the economic policy which showed the concrete road toward the construction of a socialist economy, which was aimed at the regulation of capitalism, while the Soviet state preserved in its hands the commanding heights of the national economy in the economic competition of socialism and capitalism so that the victory of socialism would be assured. Lenin's policy was established by the CP as a basis for its construction work and it began to carry it out in the first year of the socialist revolution. The most important thesis concerning the means and methods of socialist construction, proclaimed by Lenin in the spring of 1918, served as a basis for further development of socialist construction after the end of the Civil War and foreign intervention. In Lenin's works and in decisions of the CP, made in 1921 and the years after that, a new economic policy, the consistent realization of which ensured the victory of socialism in our country, received deep and manysided development. The countries of people's democracies also advance along the road outlined by Lenin.

Marxism-Leninism teaches that only collective property in the means of production can serve as the economic basis of socialism. Lenin's plan of peaceful socialist construction foresaw the completion of the expropriation of large-scale capital which had began during the first months of the socialist revolution. By spring, 1918, the most important enterprises were nationalized and the socialist regime occupied the commanding positions in large-scale industry. However, the practical mastering of the nationalized means of production and the collectivization of production, in fact, were far behind the tempo of capital expropriation.

In order to consolidate the social-economic transformations which undermined the basis of capitalism and continue the offensive against capital, to develop the building of the foundation for socialsim, it was necessary "to carry out the strictest accounting and control of production and distribution of products everywhere, to increase labor productivity, to collectivize production in fact" (p. 213). In the "Next Tasks of the Soviet Power" Lenin emphasized the necessity of shifting the center of all economic and political work to the organization of accounting and control in the nationalized enterprises and in the whole national economy. He explained that such a transfer of the center of work did not mean giving up the completion of the socialist collectivization of the means of production: "Certainly by no means have we given up the further expropriation of capital" (pp. 217-218).

Defining the main landmarks of the economic policy for the given period, Lenin gave first place to the task of "completing the nationalization of all factories and works, railroads, means of production and exchange" (p. 287). This grandiose task was successfully carried out during the first year of the socialist revolution. By the summer of 1918 Lenin stated that almost all large factories and works became the property of the whole people ("Works," Vol. 28, p. 55). The high tempo of the socialist collectivization of the basic means of production was dictated by the international situation of the Soviet power, by the fierce resistance of the exploiting classes (landlords and big bourgeoisie) who tried by all measures and means to bring back their domination, to restore capitalism. The same causes determined the concrete forms and methods of the socialist collectivization of the means of production in our country. It is known that the Soviet power in no case excluded the possibility of certain compensation to the capitalists for the nationalized enterprises: proofs of this may be found in a number of acts published by the Workers' and Peasants' Government. However, after the Russian bourgeoisie, along with the foreign imperialists, had started an armed struggle against the Soviet power, the question of the possibility of purchasing factories and works and other means of production from the capitalists in our country was removed by events. The nationalization of industry took the form of confiscating factories and works, that is, turning capitalist enterprises into social property without compensation.

Beside nationalization of the basic means of production (expropriation of the large monopolistic bourgeoisie) Lenin's plan of peaceful socialist construction foresaw the wide use of state capitalism with the purpose of gradually transforming middle-size and small private property into social property and drawing exploiting elements into work useful for society. Lenin pointed out that under the dictatorship of the proletariat state capitalism may serve as a transitional measure on the way to socialism, that state capitalist economy is higher than small commodity production and private capitalist production, because it is something "centralized, accounted for, controlled, and collectivized" (p. 262). In the spring of 1918 Lenin wrote: "If, say, after half a year we establish state capitalism, this will be a tremendous success and the best guarantee that in one year socialism will become conclusively strong and invincible" (p. 302).

Lenin considered state capitalism as a subordinate regime of the transitional economy with the main leading regime being socialism, embracing the nationalized large-scale industry. State capitalism could be utilized by the dictatorship of the proletariat in the interests of building socialism only if the basic means of production were nationalized and first of all large-scale industry was nationalized. In the transition period state capitalism was a peculiar form of struggle between socialism and the capitalism of private owners. Lenin pointed out that it was necessary for the victorious proletariat to combine methods of pitiless struggle with capitalists who disrupt the realization of socialist measures, who are against state capitalism, with methods of compromise or of buying out "cultured" capitalists who are not against state capitalism, who agree to carry it out, who are useful for the proletariat as experienced organizers of the largest enterprises (p. 311).

The gradual transformation of capitalist private property through the use of state capitalism in no case was a peaceful growth of capitalism into socialism. Lenin teaches us that this transformation is realized through a class struggle which reflects the basic contradiction of the transition period—a contradiction between the working class and the bourgeoisie. The dictatorship of the proletariat carries out the policy of constraining capitalism, it surmounts the fierce resistance of the reactionary bourgeois elements, carries out the reeducation of the capitalists, leading them to participation in labor. Socialist collectivization of the means of production, in any form, is a revolutionary overthrow, directed at the replacement of a capitalist economy with a socialist one. It is clear that such an overthrow is impossible without the gigantic work of the dictatorship of the proletariat and its guiding nucleus—the Communist Party—without a struggle against reactionary forces of the old world.

The international situation and domestic conditions of the development of Soviet Russia—the first country of the dictatorship of the proletariat—limited the possibilities of the wide use of state capitalism for the gradual transition from private capitalist property in the means of production to collective socialist property. The Russian bourgeoisie, instigated and supported by foreign imperialism, refused to work under the control of the Soviet power and under conditions of state capitalism, so that state capitalism did not undergo serious development in our country.

The plan of the socialist construction drawn up by Lenin in the spring of 1918 had in view making "the transition to the new social-economic relations as gradual as possible" and carrying it out with the greatest "adjustments to the ther existing relations." However the fierce resistance of the big bourgeoisie which unleashed the Civil War, pushed us "into a struggle, desperate and pitiless, which compelled us to an immeasurably greater breaking up of the old relations than we planned," said Lenin ("Works," Vol. 33, pp. 65,67).

The genius of Lenin foresaw that in other countries which following Russia's example, will be freeing themselves from the chains of imperialism, the conditions for the transition to socialism and the realization of the radical transformati of society will be more favorable. Lenin spoke about the possibility in the future, when circumstances are so shaped in various countries passing from capitalism to socialism, tha preconditions for the gradual and peaceful transformation of the private capitalist economy into a collectivized socialist economy will exist. Lenin wrote that such a transformation undoubtedly the most advantageous for the people—presupposes the permanence of the proletariat's victory, the hopelessness of the capitalists' situation, and the necessity and indeed readiness for them to submit in good faith ("Works," Vol. 30, p. 335).

The possibilities about which Lenin spoke are becoming a reality in the course of social development. The historical experience of the socialist revolutions and period of transition to socialism in the people's democracies in Europe an Asia show this. An object lesson is the practice of socialist construction in the Chinese People's Republic where the possiblity of peaceful socialist transformation of the nationa economy was present and was successfully utilized. As a transitional measure to socialist collectivization of the means of production state capitalism is widely applied in the CPR. For the proper understanding of the role of state capitalism during the transitional period of China's econom one should have in view that the socialist regime plays the leading role in China's national economy, that it embraces the basic means of production in large-scale industry, expropriated from the imperialist, compradore bourgeoisie.

All this shows the greatest scientific and practical significance of Lenin's theory of the socialist collectivization of the means of production which foresees a variety of means of transition from private property to social propert and in particular combining the nationalization of large-sca industry with the gradual transformation of middle and sma capitalist industry through state capitalism.

Socialist collectivization of the means of production does not stop at the elimination of capitalist property and the establishment of the socialist property in the basic means of production. An important and complex task of socialist collectivization is the transformation of the private propert of the small commodity producers (and first of all peasants'), its transformation into collective socialist property. Lenin taught that without the socialist transformation of the small commodity economy of peasants the victory of socialism is impossible, that the laboring peasant is vitally interested in the transition to socialism. Lenin's plan of sociali construction had as its starting point the thesis that the transition of working peasants from small commodity economy to socialism is possible through the voluntary merger of their property into collective property. Lenin define as the only correct policy one which aims at the constructio of socialism through the joint efforts of the workers and laboring peasants under the guidance of the working class. This policy requires, parallel to the nationalization of large-scale industry, the gradual joining of the small commodity producers in the villages into large cooperative enterprises.

In the first draft of the "Next Tasks of the Soviet Power"

Lenin wrote that after the conquest of state power by the working class and the start of socialist construction the position of the cooperatives will be radically changed as a matter of principle, that cooperatives will acquire a socialist character (p. 189). As to the bourgeois cooperatives, established before the revolution, which unified mainly capitalist elements, Lenin included them in capitalist enterprises. With the growth of socialist collectivization in the national economy all cooperative enterprises become socialist. In 1923 Lenin pointed out that under our regime cooperative enterprises did not differ from socialist enterprises ("Works," Vol. 33, p. 433).

On the basis of Lenin's cooperative plan the socialist transformation of agriculture was successfully realized in our country and the kolkhoz regime became victorious in the villages. Guided by Lenin's advice concerning the socialist nature of cooperative property, the Communist Party constantly strengthens the cooperative regime and strives to develop and raise the degree of collectivization of cooperative-kolkhoz property towards its gradual approach to the level of national property.

Collective socialist property in its two forms is the basis of the new, socialist society built in the USSR and in the process of construction in the people's democracies. In a short time socialist property proved its superiority over private capitalist property, which became a brake on the progressive development of mankind. Social property is the source of the economic power of the socialist countries, of the growth of the material welfare and culture of the free peoples. The development of social property by all means (national, as well as cooperative-kolkhoz property) ensures a successful transition to the higher phase of communism.

In the "Next Tasks of the Soviet Power" Lenin wrote that after the victory of the socialist revolution, the suppression of the resistance of the reactionary exploiting classes and the strengthening of the new order, the main task of the proletariat and of the peasantry guided by the proletariat becomes "the positive or creative work of establishing an extremely complicated and delicate network of new organizational relations, embracing the planned production and distribution of products necessary for many millions of human beings" (p. 213). The basis of the planned economy in our country was established during the first months of the socialist revolution as a result of the collectivization of the most important means of production, the conquest of the main commanding heights by the dictatorship of the proletariat.

Socialism means the planned organization of the social production and distribution of products on the scale of the whole state. "Organization of accounting, control over largest enterprises, transformation of the whole state economic mechanism into one huge machine, into an economic organism functioning in such a way that hundreds of millions of human beings are guided by the same plan—such is the gigantic organizational task which fell on our shoulders," said Lenin in March, 1918 (p. 68). State economic plans, according to Lenin's idea, are necessary in order to develop and create a socialist economy with the common efforts of the working masses, the proper distribution of labor and the rational utilization of natural riches and labor resources of all regions of the country. Lenin considered a planned economy as one of the basic advantages of socialism. The experience of the USSR and other socialist countries convincingly proved the advantage of the planned system of economy over the anarchic economic system of the capitalist countries with inherent crises and other incurable diseases.

The practical realization of the great and complex task of radically transforming the economic base of society, a task which history set before the victorious working class of Russia and its Marxist Party for the first time, required a theoretical elaboration of new questions concerning the management of social production under the dictatorship of the proletariat. Lenin established a firm foundation for the forms and methods of management of the collectivized enterprises and of the whole national economy ensuring the constant progress of the production forces, the constant growth of the social product and the rise of the people's welfare.

"We are for democratic centralism," wrote Lenin in March, 1918: "Our task now is to realize exactly democratic centralism in the field of economy..." (pp. 180, 181). The political base of democratic centralism is the power of the toilers, the alliance of workers and peasants, brotherly friendship and collaboration of the free, equal peoples, while the economic base is social property in the means of production. Lenin's principle of democratic centralism was placed at the basis of the establishment of the whole system of managing the national economy. The Soviets of the workers', soldiers', and peasants' delegates in the center and at lower levels, being organs of political administration of the country, from the very start took into their hands the management of the economy, strengthening their economic-organizational activity with the growth of socialist collectivization of the means of production.

Lenin and the Communist Party struggled with determination against all manifestations and attempts of syndicalism which found expression in isolated attempts to consider nationalized enterprises as the property of the collective of a given factory or works. Outlining the basic principles of the economic policy Lenin persistently advanced the demand: "Unconditional and pitiless struggle against syndicalism and chaotic relation to the nationalized enterprises. Persistent realization of the centralization principle in economic life on a national scale" (p. 287).

Lenin emphasized that democratic centralism in economic management had nothing to do with routine and bureaucratic ordering, uniformity imposed from above; democratic centralism demanded taking into consideration local conditions and features in each region, it ensured "the possibility of full and unimpeded development not only of local features, but also of local enterprise and local initiative, a variety of ways, methods, and means of movement to the same goal" (p. 181). The socialist state, according to Lenin's thought, must represent a combination of the developed economic regions—"a network of production-consumption communes, which conscientiously account for their production and consumption, economizing labor, increasing productivity constantly and in this way obtaining the possibility of lowering the working day to seven or six hours or even less" (p. 226).

Lenin's principle of democratic centralism in economic management first received wide application in the activities of the economic councils which were created at the center and at the lower levels in the first months of the socialist revolution. All their work was based on a combination of the united planned guidance of the people's economy on the part of the state with wide activity at the lower levels. Lenin attributed a tremendous role to the economic councils; he saw in them a broad expression of the economic-organizational role of the Soviet state. In the future, he pointed out, the role and importance of the economic organs of the socialist state, similar to the economic councils, will be constantly on the increase. The further the socialist revolution develops, the firmer its conquests; the greater the successes of socialist construction, the greater, the more important the role of economic organs of the socialist state such as economic councils (p. 372). All this was proved in practice.

The system of economic management, created as a result of the enormous organizational work of the CP and the practical activity and collective experience of the masses of toilers, is being constantly perfected by the Party at the same time as the economy is developed, the experience of managing the economy accumulated and active participation of the broad masses of toilers in the management of production strengthened. The experience of the economic councils and of the planning organs created at the first stage of socialist construction and further practice in perfecting the socialist system of economic management and planning was utilized by the Party and the government in working out the most appropriate forms and methods for the management of economic construction at the present stage. The reorganization of the management system in industry and construction, the establishment of economic councils and economic-administrative regions signify a consistent realization and development of Lenin's tested principles of democratic centralism under new conditions. Carrying out these measures ensures strengthening the planned elements in economic construction and at the same time a broad development of local initiative, even more active participation of the masses in the management of the economy.

Important questions in organizing social production in the interests of toiling masses were posed and theoretically worked out in Lenin's plan of socialist construction presented in the "Next Tasks of the Soviet Power" and other works written in the spring of 1918. Socialism, said Lenin at the First Congress of the Economic Councils, subordinates social production and the distribution of products "according to scientific considerations for making the life of all toilers easier, making their well-being possible" (p. 375). This new purpose of social production is the basis of the superiority of socialism over capitalism, which subordinates production to the aims of obtaining profits for private interests.

Lenin taught us that the material basis of socialism is large-scale machine industry and pre-eminently heavy industry, arming the whole national economy with new technology. In his plan of building up a socialist economy Lenin stated the problem and established a solid foundation for solving it, the problem of the creation and comprehensive development of our own heavy industry as the technical base for increasing the productivity of social labor, necessary for the victory of socialism over capitalism, for raising the welfare of the people. In the "Next Tasks of the Soviet Power" Lenin wrote: "An increase in labor productivity requires primarily ensuring the material base of large-scale production: the development of the production of fuel, iron, machine building and the chemical industry" (p. 228).

Lenin pointed out that Soviet Russia possesses tremendous reserves of iron (in the Urals) and of fuel — coal in Western Siberia, petroleum in the Caucasus and in the southeast, peat in the center; inexhaustible riches of timber, water power; raw materials for the chemical industry (Kara-Bugaz), etc. "The exploitation of these natural riches with the help of the most modern technology will form a base for the unheard-of progress of the productive forces."

In his plan of peaceful construction he advanced for the first time the program of electrification of the country which concretized the Marxist thesis on large-scale machine industry as the material basis of socialism. In April, 1918, he set before the scientific-technical forces of the republic and first of all before the Academy of Sciences the task of preparing a plan to reorganize industry and to advance Russia economically, having determined the main course of economic development and the ascent of the country on the basis of electrification. "We should pay special attention to the electrification of industry and transport and the application of power to agriculture, as well as the use of second-rate kinds of fuel (peat, coal with low caloric content) for the generation of power with the lowest expenditure in mining and transportation" (pp. 288-289).

On the basis of Lenin's instructions and under his guidanc the CP and the Soviet Government began the drafting of Russia's electrification plan in the spring of 1918, in which the starting point and the base of the industrial development of the whole country, of the planned utilization of its tremendous natural riches and labor resources was to be a broad network of large regional power stations, utilizing mainly local resources of water power and local fuel. Lenin's ideas for building up a large-scale machine industry and for the electrification of the country, for accelerating the development of heavy industry, received further development in the famous GOELRO plan (State Plan for Electrification of Soviet Russia) and the five-year plans. These ideas became the basic general line of the Communist Party, ensuring the victory of socialism in the USSR. Carrying out Lenin's policy step by step, the Soviet people transformed formerly backward Russia into a strong industrial power and are now successfully building communism.

In his plan of socialist construction Lenin emphasized the vital necessity of strengthening the economic self-sufficiency and independence of the country by all possible means, building up socialism under conditions of capitalist encirclement. Preparing his plan of Russia's economic growth Lenin set the task of aiming at "the possibility through our own efforts of providing our economy with all the most important kinds of raw materials and industries" (p. 288). In his "Next Tasks of the Soviet Power" Lenin pointed out the outstanding role of the monopoly of foreign trade as a means of defending the economic independence of the Soviet land. Guided by Lenin's counsel, the CPSU is constantly strengthening the economic potential of our Soviet power which stands at the head of the world system of socialism.

Lenin's recommendations concerning the rational distribution of the productive forces "from the point of view of closeness to raw materials and the least possible waste of labor from the processing of raw materials to the consecutive stages of processing semi-finished materials and up to the manufacturing of the final products" are of tremendous theoretical and practical importance. On the basis of this principle the Soviet state has achieved a radical change in the distribution of the productive forces and this has found its expression in shifting industry to the east, in the successful industrialization of the national republics and regions. Carrying out Lenin's principle step by step contributes to the complex utilization of the natural riches of all regions of the country, while economizing people's labor.

Lenin's plan of building up a socialist economy foresaw the application in the national economy of the achievements of modern technology and of the latest achievements of science in every possible way. Lenin taught that for the building of socialism and the reorganization of "the people's labor according to the latest word of science and technique" the victorious working class should attract and utilize specialists of various branches of knowledge, engineers, agronomists etc. and to use their experience. At the same time the CP understood that enormous work was to be done to bring to the side of socialism the bourgeois specialists and to train new specialists from among the workers and peasants. The Soviet regime made possible the solution of this task in a short time. Our country overtook all capitalis countries in training specialists for the national economy o the secondary and university level and has advanced to one of the first places in the world in the level of development of its science and technology.

On the basis of socialist collectivization of the means of production the country began to create socialist economic forms. New productive relations were formed and gradually developed which became a powerful determinant of the productive forces. In the Soviet Union, after centuries of involuntary labor for the benefit of exploiters, the toiling masses won the possibility of working for themselves, for their own society. This radical change in the character of labor opened wide scope for the creative activity and initiative of the toilers. Refuting the bourgeois theories which sing praises to competition and private initiative as the only and indispensable mover of social development, Lenin proved that the creative activity of the toilers freed from exploitation is an incomparably more powerful source of economic, scientific, and cultural progress.

Lenin discovered in socialist competition a remarkable form of developing the creative initiative of the masses, a powerful means of attracting toilers to active participation in the economic and cultural construction of socialism. Socialism, taught Lenin, not only does not destroy competition, but, on the contrary, for the first time creates the possibility of applying it really widely, really on a mass scale. Lenin revealed the superiority of the Soviet competition of free toilers over the competition of private owners in capitalist society. He foresaw that socialist competition would play an ever increasing role in raising the productivity of labor, in the growth of the national economy based on social property. His doctrine of socialist competition enriched the theory and practice of socialist and communist construction.

Lenin emphasized the tremendous significance of making widely known the achievements of the advanced workers and demanded that the valuable experience of the new organization of production in individual cities, enterprises, and villages become the property of the masses; he wanted to ensure the comparability of the results of work in various enterprises and regions, to ensure the possibility of practical duplication of the advanced experience by all enterprises. In this connection he advised bringing statistics to the masses, to "popularize it, so that the toilers are gradually trained to understand and see how and how much one should work and how and how much one should rest..." (pp. 231 and 232).

Socialist competition is a tested method of socialist construction. Guided by Lenin's advise our Party aims at the development of socialist competition and drawing into it all toilers by all means. "Lenin's principles should lie at the basis of the whole work in the organization of competition — publicity, comparability of results, the possibility of practical duplication of the experience and comradely mutual help" — we read in the decisions of the October (1915) Plenum of the CC, CPSU. On the basis of these principles we develop on a wide front competition of enterprises and construction sites, within economic-administrative regions and among regions, as well as competition of similar enterprises in various regions and of the workers of leading professions for the fulfillment and overfulfillment of the economic plans.

Outlining the principles of the new, socialist organization of labor, Lenin pointed out that after the conquest of power by the working class and completion of the expropriation of the expropriators it would be "necessary to advance to the first place the basic task of creating a social regime which would be higher than capitalism, namely, to increase the productivity of labor, and for this purpose to achieve a higher level of organization" (p. 227). Besides the creation of an advanced technological base of the national economy and a cultural revolution, Lenin also considered as an important condition for the achievement of high productivity of social labor "tightening labor discipline, increasing the ability to work, efficiency, intensity of work, better organization" (p. 218). To study how to work in a new way, applying scientific principles of labor organization, applying new labor discipline — such was the task which the Soviet power set before our people. New organization and discipline of united labor was forged in the daily practical work of millions of toilers, in the struggle with habits and usages inherited from capitalism, from the long domination of private property in the means of production. "This," said Lenin, "is a tremendously difficult task, but this is also a gratifying task, because only when we solve it practically, only then will the last nail be driven into the coffin of capitalist society which is being buried by us" (p. 379).

Lenin taught that the dictatorship of the proletariat must apply, besides measures of persuasion and socialist education of the workers, measures of compulsion in respect to parasites and their hangers-on, idlers, grabbers, etc. Lenin resolutely condemned the wrong and harmful positions of the "Left Communists" and other defenders of petty-bourgeois laxity.

Measures for training people in a new labor discipline are combined with the realization of the socialist principle of distribution, the reliance on the personal interest of workers in the results of their labor. Lenin showed the reasons for the enormous importance of the socialist principle of distribution according to labor and the related personal material interest of the toilers in improving the activities of enterprises, increasing the productivity of labor, the growth and perfection of social production, and the growth of the whole national economy.

In recent years the Party and the government carried out a number of important economic and organizational measures which helped to organize material stimuli for the increase of socialist production. However much still remains to be done in this field. The December Plenum of the CC, CPSU, emphasized the necessity of improving constantly the system of payment for the labor of workers, the managerial staff, engineers and technicians and clerical personnel so that wages and the system of bonuses would become a powerful lever of material interest in increasing production, raising the productivity of labor, and in the application of new technology. The Party supports in every way the initiative of the collective farms in improving the organization of labor and labor payments, helping to expand agricultural production and lower the costs of production.

With the increase in the competence of the local organs in the economic field and the growth of their responsibilities the role of such economic levers as financial control, economic contract, price, cost, profit, etc. will increase more and more. The further increase of the initiative of enterprises and the strengthening of the role of economic stimuli are important conditions for the constant growth of socialist production and for the rise of the productivity of social labor.

In the "Next Tasks of the Soviet Power" Lenin emphasized that the proper organization of labor is unthinkable without the principle of one responsible manager. Giving support to this principle in the management of socialist production and distribution Lenin wrote that every large-scale machine industry "requires unconditional and strict unity of will to direct the joint labor of hundreds, thousands, and tens of thousands of men," that this unity of will can be ensured only by subordination of the wills of thousands to the will of one (p. 239). In a society where the means of production are not private property the principle of one responsible manager guiding the labor processes, appointed by the people and responsible to the people, is realized through simultaneous development by every means of the creative participation of the toilers in production management. The whole practice of socialist construction confirms this. One of the most important forms of drawing the workers into production management, beside socialist competition, is production conferences of enterprises which make it possible to combine the principle of one responsible manager with control from below. The CP tries by all means to develop the activity of production conferences and to increase their role.

Leninism teaches — as Comrade N. S. Khrushchev emphasized in his report to the March Session of the Supreme Soviet — that as we advance toward communism, the management of the economy will be carried out more and more along democratic principles. Creativeness of the masses is the basic factor in the development of socialist society and in the building up communism. As the productive forces of the country grow, with the flourishing of science and technology, with the growth of a conscientious attitude to work on the part of the masses, the creative activity of the masses will become more and more intense.

Lenin's counsel to develop by every means the creative activity and competition of the workers, constantly to raise labor productivity, to manage enterprises economically, to carry out the strictest and ubiquitous control over production and distribution is of tremendous practical importance for the successful building up of communism.

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"Next Tasks of the Soviet Power" and other works written by Lenin in the spring of 1918 and dedicated to the development of, and establishment of a basis for the plan of socialist construction may serve as a model of creative development of Marxism and are among the greatest contributions to the treasure house of scientific communism.

For the first time in the history of mankind the Soviet revolution approached directly the question of building a socialist society when formerly there had been only theoretical discussions. This required the tremendous theoretical and organizational work of the great Lenin, of the party of Bolsheviks, and the varied creative activity of the millions of workers in the Soviet country. The building up of socialism's economic base, the development of the new production relations, the organization of the new system of political and economic management demanded the scientific elaboration of many problems, the search and tests of various forms and methods of socialist management. The greatest service rendered by Lenin is that he threw the light of advanced theory on existing problems and organized and directed the transforming and creative activity of the builders of socialism. Armed with Lenin's program of building socialism, the Communist Party mobilized workers and peasants for the realization of the great transformation. The peoples of Russia showed miracles of heroism and creative energy unheard-of in history, and successfully overcame the tremendous difficulties of building a new society.

The works of Lenin's genius are studied and will be studied by millions of men who will find in them answers to the questions that agitate them.

In Lenin's works the workers of capitalist countries get clear answers to the vital questions concerning the methods of socialist transformation of society. The peoples of the socialist countries find in the works of Lenin wise counsel concerning methods of building communism. Forty years ago Lenin said: "When we start socialist transformations we must clearly set before ourselves a goal to which all these transformations in the final account should be directe namely, the goal of creating communist society..." (p. 103). Lenin's ideas illuminate the road of mankind to this goal and inspire millions of workers in their struggle for the victory of communism.

E. Geronin:

The Implementation of Lenin's Plan of Electrification

The electrification of the national economy is one of the most important conditions for building communism in the USSR. V. I. Lenin linked the success of building communism directly with the practical solution of the electrification of the whole country. He saw a sure way of building socialism and communism in the USSR through the radical reconstruction of the national economy on the basis of electrification. He understood electrification of the country first of all as the development of large-scale machine industry based on the extensive use of electric power. Throughout Lenin's numerous works on the question of how to build communism runs the idea of the electrification of the country and the creation on this basis of powerful socialist productive forces. "Electrification," wrote Lenin, "will transform Russia. On the firm ground of the Soviet regime electrification will assure the final victory of communist principles in our country..."*

Lenin's formula "communism is Soviet power plus electrification of the whole country," in which the question of building the material-production base of communism and the political forms of state power are considered in their indissoluble unity, is well known. It expresses the essence of the Marxist approach to the building of communist society. The special importance of electrification for the building of communist society is emphasized in this classical definition.

The role of electrification is dictated by the necessity of transforming the whole of social production in conformity with the economic conditions of the new socialist society and the possibilities which electric power opens up for the development of the national economy under socialism. The necessity for the electrification of the country is determined by the requirements of the objective economic laws of socialism and first of all by the basic economic law of socialism as well as by the requirements of the law of planned (proportional) development of the national economy and the law of the continuous growth of labor productivity.

Electropower is the technical basis of mechanization and automatic production. It helps in a decisive manner to replace the physical labor of a man with the work of machines, to increase the efficiency of human labor in socialist enterprises. Electrification greatly expands the possibilities for the use of the USSR's natural resources. It is an important factor for the rational distribution of production throughout the country. In the final account electrification brings about a substantial increase in the productivity of social labor and this, Lenin advised us, is the most important, the main condition for the victory of the new social regime.

Of special importance is the development of electrification in all branches of our national economy now, when in practice problems ensuring a powerful upsurge of the productive forces are being solved. Electrification of the country is a necessary condition for building a communist society under a state regime based on collective property in means of production.

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Lenin's ideas on the electrification of the country found concrete expression in the State Plan for the Electrification of Soviet Russia (GOELRO). In this famous plan, adopted by the Eighth Congress of the Soviets in December, 1920, and expected to run from ten to fifteen years, the course of the socialist transformation of the whole national economy of our country was charted. The GOELRO plan was based on the idea of building a powerful heavy industry, developing a large-scale machine-building industry which would rest on the modern technological foundation of electropower. The plan foresaw a 1.8 to two-fold increase of industrial produc- over the 1913 level, the creation of material premises for the radical socialist reconstruction of agriculture and the development of railroad transport. Targets for the rebuilding and development of the main branches of the national economy were based on the broad progress of electropower development: the construction of 30 new large regional electrostations with a total capacity of 1.75 million kw and extensive reconstruction of the old stations.

This was a bold plan, striking in its scope. It was based on a realistic appraisal of the resources of the country, of the creative power of the toilers of the young Soviet republic. In prerevolutionary Russia the electropower base of industry was very little developed. The overall capacity of Russia's electrostations in 1913 amounted to a mere 1.1 million kw and the annual production of power to 1.9 billion kwh. The country had only small inefficient electrostations, not linked with each other. As a rule they were located in large cities, far from their fuel sources. In 1913 Russia occupied the 15th place in the world and the 7th in Europe in generating power. The young Soviet state faced the task of building anew an electropower base for its national economy, of building and mastering new branches of industrial production, and in a short time of doing away with the technical and economic backwardness of the country.

Overcoming incredible difficulties the Soviet people, under the guidance of the Communist Party, successfully fulfilled and overfulfilled the tasks set forth by the GOELRO plan. As early as in 1930 gross industrial production was almost double the 1913 level. By the middle of 1931 the country overfulfilled the tasks set in the GOELRO plan for the construction of new power plants and by the end of 1932 the goal set for the production of electropower. By 1935, the last year of the plan assuming it covered fifteen years, the most important targets of the plan were exceeded several times. In that year gross industrial production exceeded the 1913 level 5.7 times (or three times as much as the GOELRO plan foresaw), production of electropower was 14.5 times greater than in 1913 (three times as much as required by the GOELRO plan). The overall capacity of regional power stations exceeded the capacity envisaged in the GOELRO plan 2.6 times. As the plan foresaw, the rate of growth in the generation of electropower was 2.4 times the rate of growth of gross industrial production. All basic targets of the GOELRO plan were exceeded from 1.5 to three times.

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* "Works," Vol. 30, p. 343.

During the following five-year plans, in the process of building the socialist economy, great successes were achieved in the development of electropower. During the First Five-Year Plan 2.97 million kw of new capacity was put into operation; during the Second — 3.6 million kw; during the 4th — 8.5 million kw; and during the 5th — 17.6 million kw. During the current five-year plan the construction of power stations is proceeding on an even larger scale. During this plan more than 40 million kw of capacity will be put into operation. At the beginning of 1957 the overall capacity of USSR power stations reached 43 million kw or 39 times the 1913 level.

A gigantic step was made in the development of the electropower base of the national economy during the years of Soviet power: more than 300 electric stations of large and medium capacity were put into operation, including more than 90 hydroelectric stations. The growth of electropower capacity was accompanied by a constant increase in the generation of electricity. In 1957 the generation of electricity by all USSR electrostations was 108 times the 1913 level. At present the generation of electropower in the Soviet Union considerably exceeds its generation in such highly developed capitalist countries as Great Britain, France, and Italy taken together. In the production of power the USSR has occupied for some time first place in Europe and firmly occupies second place in the world, being behind only the United States. Here it is important to note that the gap between the United States and the USSR in that respect in the past few decades has been considerably narrowed. In 1913 the United States produced 11.8 times as much electricity as Russia; in 1932 — 7.4 times as much as in the Soviet Union; in 1957 — only 3.4 times as much. It should be pointed out that in recent years in the United States, in connection with the militarization of the economy, great attention is being paid to the increase of the capacity of electrostations and the increase of power production.

Objective conditions for the development of the socialist economy and the USSR's tasks of peaceful competition with the countries of the capitalist camp demand an increase in the rate of the growth of electropower production in the Soviet Union.

Beside these tremendous achievements in expanding the electropower base during the period of socialist construction our country obtained great success in improving its entire power equipment. In prerevolutionary Russia the capacity of individual electrostations did not exceed 50,000 kw; in the USSR there are thermoelectrostations with a capacity exceeding 600,000 kw and a hydroelectric station with a capacity exceeding two million kw. These stations produce an enormous amount of electropower. For example, the Shchekinsk GRES [state regional electrostation] of the Moscow power system, the capacity of which is 610,000 kw, annually produces more electricity than all the electrostations of Tsarist Russia.

At present the following thermoelectric stations with capacities from 800,000 to 1,200,000 kw are under construction in the USSR: Nazarov, Belov, Tom-Usinsk GRES in Siberia, Troitsk GRES in the Urals, and others. During the current five-year plan ten thermoelectric stations with individual capacities from 700,000 to 1,200,000 kw will be brought into operation. Hydroelectric stations with capacities from two to four million kw are under construction. The construction of the large electrostations increases the efficiency of capital investments because of smaller expenditures per kw of rated capacity and makes it possible to expand greatly the scale on which new power capacity is brought into operation.

At the same time the capacity of individual electrostation generators is greatly increasing. In prerevolutionary Russia generator capacity did not exceed 10,000 kw; the USSR has in operation electrostation generators with capacities from 100,000 to 150,000 kw and is building generators of 200,000 and 300,000 kw. The growth of the capacity of individual generators and the increase in the starting steam parameters greatly increase the efficiency of the power installations.

In the post-war years automation and telemechanics have been increasingly applied in Soviet power production. Applie at electrostations and power grids, automatically functioning and operated by remote control, the new technology considerably changes conditions for the utilization of power installations. It makes much easier the work of the maintenance personnel, raises labor productivity and increases the safety and efficiency of power installations.

A special feature of Soviet power development is the continuous increase of the share of hydroelectric stations in the total capacity of the stations. If in 1913 the capacity of hydroelectric stations made 1.5% of the total capacity of electric stations, in 1940 this percentage rose to 14.2 and in 1957 to 20.4. The use of hydroelectric power greatly expands the power base of the country and ensures a great saving of fuel.

The development of hydroelectric power in the USSR at the present stage is characterized by the construction of powerful (several hundred thousand kw each) and gigantic stations (several million kw capacity) and by a transition to the construction of chains of large electric stations along the same river ("cascades"). The Dnieper chain of hydroelectric stations which is being completed during the Sixth Five-Year Plan will have a capacity of about two million kw and produce about eight billion kwh a year. The Volga chain of hydroelectric stations will have a total capacity of about 7.5 billion kw and produce more than thirty-five billion kwh a year. Of this chain the Kuibyshev hydroelectric station is now operating at full capacity (2.1 million kw) the Stalingrad hydroelectric station with capacity of 2.3 million kw is being built and will start functioning during the current five-year plan; the Saratovsk hydroelectric station of one million kw capacity is under construction.

The work of harnessing great Siberian rivers is expandin in scope. The first generators of the Irkutsk hydroelectric station on the Angara have begun to operate. The Bratsk hydroelectric station (with a capacity of 3.6 million kw and an annual production of 22 billion kw) is under construction. The construction of the largest Krasnoyarsk hydroelectric station on the Yenisei river (with a capacity of four million kw) also has been started.

The construction of complex river installations and chains of hydroelectric stations helps to solve the task of complex utilization of hydro-resources: the production of cheap power, the creation of deep waterways and the irrigation of dry and arid lands over millions of hectares.

A new development in USSR power production is the use of atomic energy for this purpose. During the Fifth Five-Year Plan the first industrial electric station utilizing atomic energy started operation. Large atomic electrostations are under construction. Their use will create new possibilities for the further growth and improvement of the power base in our country.

An important feature of the development of the Soviet power industry is the linking of individual electric stations into power systems and their operation as parts of the common grid. Such systems make possible better utilization of the powerful equipment of the electric stations, their use at optimum loads, ensuring an uninterrupted supply of power. The formation of such systems also helps build up reserves of power capacities.

During the years of building socialism in the USSR tremendous work has been done in creating a ramified high tension network, linking the electrostations into power grids. At present we have about 60 power grids linking more than 70% of the overall capacity of the electric stations and under 80% of the total power production.

The level of power development reached in our country and the successes of socialist industry make possible in the future the creation of a single power grid for the whole country. A high voltage transmission line (400,000 volts) connecting the Kuibyshev electric station with the Moscow region is already in operation. High voltage transmission lines are being built, linking the Kuibyshev and Stalingrad electric stations with the Donbas, Urals, and Moscow regions. All these lines will link up the central, southern and Urals power grids with the gigantic Volga hydroelctric stations and will form in effect the first stage of a single power system for the European part of the USSR. Later this grid will be linked with the Northwestern and Caucasian power grids. At the same time the formation of a single grid out of the electrostations of Central Siberia (from Novonikolaevsk to Irkutsk) is in progress. In the future this one will be linked with the power grid of the European part of the USSR.

In April, 1956, a high voltage transmission line, linking the Kuibyshev State Electric Station with Moscow, began to operate. Its capacity is 1,200,000 kw and its length — 960 km. It made it possible to improve considerably the power balance of the Moscow power grid and to improve the supply of power to the consumers of that system. In 1956 alone the network of the Moscow power grid obtained from the Kuibyshev hydroelectric station more than 1,600 million kwh of power and in 1957 about seven billion kwh. The creation of a single power grid for the whole USSR would open tremendous possibilities for the improvement of the power supply of the national economy and, consequently, for an upsurge of the whole of social production. Work on the formation of a single power grid and strengthening of the power base of the national economy demonstrate the persistent attempt to realize Lenin's directive concerning electrification of the country.

The 20th Congress of the CPSU, which outlined a grandiose program for the upsurge of the Soviet economy, advanced great new tasks in the field of power development. During the current five-year plan the capacity of electric stations will be more than doubled and the annual generation of power by the end of 1960 will reach 320 billion kwh. This will make it possible to expand considerably the use of power in the socialist national economy.

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Modern production with its many branches needs an enormous amount of power to carry out various technological processes and to obtain necessary products. For example, the production of one ton of aluminum requires from 18 to 24 thousand kwh of power; of one ton of magnesium from 16 to 20 thousand kwh; of one ton of synthetic rubber about 15,000 kwh. Other kinds of products also require substantial amounts of power. Consumption of power in all branches of the USSR's national economy is constantly growing and this growth is an important condition of the constant rise and improvement of the whole of social production. The increase in power consumption of Soviet industry is accompanied by the increase of power consumption per worker and of labor productivity of workers occupied in this branch of social production. This may be seen from a comparison of data shown on the following page characterizing consumption of power in industry, consumption of power per industrial worker and the growth of labor productivity in industry.

This table shows that power consumption in industry is growing considerably faster than the number of workers, as a result of which the amount of power consumed per worker is continuously rising. For example, between 1928 and 1956 consumption of power in industry increased 38 times, while the number of workers in industry increased only 4.8 times. In 1956 the consumption of power per industrial worker rose to 8,300 kw, or exceeded the 1928 level eight times.

Parallel to the growth of power per industrial worker labor productivity of workers in industry is growing. It is highly significant that the rate of growth of the per capita power consumption of industrial workers is about the same as the rate of growth of labor productivity in industry. Between 1928 and 1956 the power consumption per industrial worker increased 7.86 times, while labor productivity increased 7.26 times. Such a ratio between the growth of per worker power consumption in industry and labor productivity is observed during the whole period of development of the Soviet economy. It is an indication of a direct connection between these two production indices.

The importance of power for the growth of production and improvement of qualitative indices in industry can be best shown by examples taken from the practice of our socialist enterprises. Thus, at the Likhachev automobile plant in Moscow consumption of power per worker is increasing every year and at the same time other technological and economic indices are improving. If in 1940 consumption of power per worker at that plant amounted to 4,160 kwh, in 1950 it rose to 6,250 kwh and in 1956 to 7,800 kwh. Between 1951 and 1956 the volume of gross product rose by 87% and labor productivity of workers by 50%. The number of hours needed for manufacturing a ZIL-150 truck was reduced from 256 hours in 1950 to 169 in 1956. At this plant the equipment is being improved, automatic machine lines are being introduced and the most modern technological processes are applied. Every year electroenergy is applied more and more widely in production and its power and technological application becomes more and more varied (examples: high frequency tempering of metal products, induction heating, electrolytic plating, coloration of details in an electrostatic field, electric welding, etc.). In 1951 the plant consumed 2.9 million kwh of power for high frequency tempering of details of the trucks; in 1956 this operation consumed seven million kwh. The use of power necessitated a considerable change of production processes. It helped to expand the method of continuous mass production of goods, helped introduce mechanization and automation and radically improve working conditions. For example, the use of induction heating of blanks in the manufacturing of valve plungers for the motor of ZIL-150 trucks made it possible to replace mechanical treatment — cutting on lathes — with a better method of progressive heat forging on a special automatic press. As a result of this labor productivity considerably increased and more than 500 tons of metal were saved per year. The application of speeded up gas carburization of the gear for the change speed box in the ZIL-150 truck, heating it with currents of high frequency, made it possible to reduce the time needed for carburization of the gear from eight hours to 45 minutes, to reduce general expenditures of operation by 25 to 40% and to carry out this operation on the general conveyer of the plant

CONSUMPTION OF POWER PER INDUSTRIAL WORKER AND LABOR PRODUCTIVITY OF WORKERS OCCUPIED IN SOVIET INDUSTRY

Years	Consumption of power in industry		Average annual number of workers in industry		Consumption of power per industrial worker		Labor productivity of an industrial worker
	Billion kwh	%	Thousands	%	kwh per worker	%	%
1928	3.3	100	3,124	100	1,056	100	100
1932	8.7	264	6,007	192	1,448	137	141
1937	24.4	740	7,924	254	3,079	292	258
1940	32.1	973	8,290	265	3,872	367	343
1950	60.6	1,836	11,308	362	5,359	507	470
1955	113.3	3,433	14,281	457	7,933	751	679
1956	126.0	3,818	15,180	486	8,300	786	726

section for mechanical treatment. These examples show how great are the possibilities of perfecting production through the use of power. Electrification of production branches is the main line of technical progress in socialist industry.

Electroenergy is also of great importance for the development of agricultural production. Economic advantages of the electrification of agriculture — in its different branches — are exceptionally great. For example, one kwh of electroenergy spent in agricultural production makes it possible to plow 0.02 ha. of plowland with an electric tractor, harvest about 0.04 ha. of grain crops with an electrocombine, or prepare with the help of machines using electropower one ton of silage or milk twenty cows, etc. According to calculations of specialists electrification of all agricultural processes would result in a total saving of about 2.8 billion labor days in the collective farms or free nine million men fully occupied in agriculture for the whole year. Electrification results not only in the growth of labor productivity and the acceleration of the tempo of expanded reproduction, but also in lowering costs and raising the quality of agricultural production. Electrification of agriculture strengthens the economic ties of the collective farm sector and state sector of social production, increases the role of the state sector in the development of kolkhoz production.

During the existence of Soviet power in our country much has been done for the electrification of agricultural production. In 1916 the capacity of all rural electric stations in Russia was only 2,000 kw, while on peasant farms electroenergy in general was not used. In 1956 the capacity of electric stations in Soviet agriculture reached three million kw and the annual consumption of power on the collective and state farms amounted to 4.9 billion kwh. This is 2.5 times more than the consumption of power in the whole national economy of prerevolutionary Russia. At the beginning of 1957 almost all MTS, 93% of the state farms and 34% of the collective farms of the USSR were served with electricity. However, it must be emphasized that the use of power in Soviet agriculture and the amount of electropower consumed in agricultural production per worker on the whole remains small. Our agriculture consumes about three per cent of the total amount of power produced in the USSR.

Great possibilities for the electrification of agriculture are being opened in many economic regions of the USSR in connection with the commission of new electrostations and the further development of the power grids. The 20th Congress of the CPSU set the task: during the Sixth Five-Year Plan to double the number of collective farms served by electricity from permanent sources and to complete electrification of the state farms. This will be a big step toward the electrification of socialist agriculture. Power is of tremendous importance for the development of railroad transport. The electrification of railroads is greatly improving the technical and economical indices of transport. Under it train speeds increase by 30 to 50%, the weight of trains by 40 to 60%. It makes it possible to increase the capacity of the main railroad lines on the plains twice and in the hilly sections 2.5 times and also to save much fuel. The use of power on railroad transport considerably improves the working conditions of the locomotive brigades, makes for easier handling of trains and increases the dependability and safety of the traffic.

In spite of the large amount of work done in the field of railroad electrification, our country still lags in this respect. By 1957 only 5.3% of the total length of the railroad network was electrified. It is planned in the next years to increase sharply the electrification of the railroads and first of all of the most important lines and those with the heaviest freight traffic. The directives of the 20th Congress of the CPSU foresee during the Sixth Five-Year Plan electrification of 8,100 km of railroad lines or 3.6 times as much as during the Fifth Five-Year Plan. The CC, CPSU, and the USSR Council of Ministers approved a general plan of electrification of the railroads. According to this plan over the next 15 years 40,000 km of railroads must be electrified.

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Increasing the supply of power for all sections of the national economy is an objective requirement of the socialist economy and one of the most important premises for the creation of a communist economy. At the same time uninterrupted improvement of production on the basis of electrification of the country, strengthening and development of the power base, open great possibilities for the use of power for the satisfaction of the household needs and cultural need of the population. We all became accustomed to the use of electric light. The wide application of electricity in households makes the work at home easier, cuts down the time needed for household chores. The use of household electric appliances in the Soviet Union is steadily increasing. In 1957 the production of washing machines for homes reached 377,000 (in 1950 — 300), of household vacuum cleaners 266,000 (6,100 in 1950), of house refrigerators — 309,000 (in 1955 — 1,200). It is expected to increase the production of household electric appliances during the Sixth Five-Year Plan from four to five times their 1955 level. Beside mechanization of the household work electropower increases the possibilities of serving the cultural needs of the population. In 1957 alone our industry turned out 3,600,000 radios and 700,000 television sets. At the end of the Sixth Five-Year

Plan production of these appliances will exceed ten million sets a year. The electrification of the Soviet Union, while ensuring uninterrupted development of social production, is at the same time an important factor in strengthening socialist production relationships. Their development and improvement is realized through the growth of common socialist property, raising the cultural and technical level of the workers, the gradual overcoming of the essential difference between manual labor and mental labor, between industry and agriculture. These processes develop under the influence of the constant progress of electrification.

As a result of successes achieved by the Soviet people in the development of the national economy, the necessary premises for the gradual transition to communism are being created. The Soviet state entered the fifth decade of its existence full of creative power, relying on a powerful industry, enriched by the historical experience of building socialism. The program of economic and cultural construction outlined by the 20th Congress of the Party is being successfully realized. By the decision of the CC, CPSU, and of the Soviet government a long range plan for the development of the USSR's national economy for 1959-1965 now is being drafted. This plan envisages a further upsurge of the national economy and an increase in the welfare of the Soviet people. A high rate of electrification of the country and expansion of the utilization of the available natural resources of the country are envisaged in this plan.

By 1965 power generation in the USSR, according to preliminary estimates, will reach 500 to 575 billion kwh. The overall rated capacity of the electric stations will increase 2.2 times as compared with 1957, hydroelectric stations 3.9 times and thermoelectric stations 2.1 times. Production of power of hydroelectric stations will make about 24% of the total production of power in the country in 1965 compared with 18.7% in 1957, the remaining 76% being produced by thermal electrostations (steam turbines). The main source of energy at the thermal stations will remain coal, oil, and peat — organic fuels. In spite of the expected great increase in the capacity of atomic electrostations, production of electricity through the use of the nuclear fuel in the next years still will be an insignificant part of the total production of power in the country.

In the period of 1959-1965 the use of the more economical kinds of fuel for the production of electricity and, in particular, of natural gas and fuel oil, will be greatly expanded. It is planned to bring the part of the power produced through burning natural gas to 15% of the total power production as compared with 3.3% in 1956. The use of the natural gas as fuel in electric stations will make it possible to reduce considerably capital investment in the construction of new electric stations and will sharply diminish the costs of production of electric and thermal energy. Of special importance is the use of gas for the thermal electric stations supplying cities with thermal and electric energy.

Calculations show that natural gas may be able to take the place of such expensive coal as Donets and Pechora, even if the gas has to be brought from a distance of 1,000 km or more, a fact which is of great importance for further development of power production in many regions of our country.

During 1959-1965 it is planned to increase the capacity of a number of thermal electric stations now in use to 1,200,000 kw and more and to build new ones with a capacity of more than a million kw each. It is planned also to start the construction of thermal electric stations of 1.8 million kw and even of 2.4 million kw capacity, though the completion of their construction and bringing their capacity to the rated one is expected only after 1965. It is also planned to construct very powerful hydroelectric stations with capacities up to six million kw. The capacity of individual steam turbine generators and hydrogenerators installed at the new stations will reach 300 to 400 thousand kw and more.

Such an increase in the capacity of individual power aggregates will ensure the further reduction of costs per kw of rated capacity and will reduce the cost of production per kwh. During the period of 1959-1965 the construction of a single power grid for the European part of the USSR will be completed. By 1965 the rated capacity of the electric stations of that system will exceed 50 million kw. It is expected also that during the same period the overall capacity of the power grid of Western Siberia will exceed eight million kw and that of Eastern Siberia will reach about 12 million kw. The creation of new powerful grids will be an important condition for the efficient utilization of large stations and for the lowering of costs as well as for ensuring the reliability of power supply.

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In conformity with the directive of the 20th Congress of the CPSU, indices of the development of the national economy and culture are being drafted for a longer period than in the past. According to preliminary calculations, in the next 15 years production of the key branches of industry will increase from two to three times, the generation of electricity 4 to 4.5 times; agricultural production will increase considerably. The Soviet Union will closely approach the solution of its basic economic problem. The realization of this solution would signify the final victory of socialism over capitalism in the economic competition of the two world social systems and will be a great new success in building communism.

Further development of the electrification of our country and the powerful upsurge of social production that would follow it are of tremendous importance for the solution of the USSR's basic economic problem. Carrying out Lenin's counsels concerning the electrification of the whole country, expanding the power base of the socialist national economy step by step and increasing the supply of electricity per worker in socialist enterprises, the Soviet people, under the guidance of the Communist Party, advance with confidence along the road of communist construction.

N. Kulagin:

The Question of Publishing V. I. Lenin's Complete Works

V. I. Lenin's works are a real encyclopedia of scientific communism. He greatly increased the ideological riches of Marxism and developed all sides of Marxist teachings as applied to the new conditions during the period of imperialism and the proletarian revolution.

The victory of the Great October Socialist Revolution was a triumph for Lenin's theory of the proletarian revolution. The victory of the peoples in a number of European and Asian countries who threw off the chains of imperialist slavery, became masters of their own fate and entered the road of socialist construction, is a remarkable confirmation of Lenin's ideas. The basic content of our epoch is the transition from capitalism to socialism which began with the victory of the October Socialist Revolution.

Lenin's teachings on building socialism and communism in the USSR have international significance. The basic ideas of these teachings are applicable in all countries building socialism. The conference of the representatives of the Communist and Workers' Parties of the socialist countries approved a declaration in which they pointed out such general laws as "guidance of the toiling masses by the working class, the nucleus of which is the Marxist-Leninist Party, carrying out of the proletarian revolution in this or that form and establishment of a dictatorship by the proletariat in this or that form; an alliance of the working class with the main mass of peasantry and other strata of toilers; abolition of capitalist property and establishment of social property in the basic means of production; gradual socialist transformation of agriculture; planned development of the national economy directed at the building of socialism and communism, at raising the standards of living of the toilers; carrying out of the socialist revolution in the field of ideology and culture and creation of a numerous intelligentsia loyal to the working class, to the toiling people and to the cause of socialism; an end to national oppression and the establishment of equality and brotherly friendship among the peoples; defense of the achievements of socialism from the attempts of foreign and domestic enemies; solidarity of the working class of a given country with the working class of other countries — proletarian internationalism."

At the same time each country has its own peculiarities of socialist construction. "All nations will come to socialism, this is inevitable," wrote Lenin. "But they will come to it not in quite the same way; each will bring some originality into this or that form of democracy, into this or that variety of the dictatorship of the proletariat, into this or that tempo of the socialist transformation of various sides of social life" ("Works," Vol. 23, p. 58). However, emphasized Lenin, "these differences cannot touch the most important elements" ("Works," Vol. 30, p. 88).

Lenin's plan of building socialism and communism has undergone a further development in the decisions of the CPSU and brotherly Communist and Workers' Parties; it is being enriched with the experience of the masses building a new society under concrete conditions in their countries.

All the richness of Lenin's ideas is reflected in his works. The workers of the capitalist countries draw from the knowledge of the laws of social development which determine the necessity of replacing the capitalist mode of production with the socialist one. Lenin's ideas inspire and organize the toilers of the Soviet Union and the people's democracies to struggle to carry out the grandiose task of socialist reconstruction.

It is known that before the October Socialist Revolution most of Lenin's works had been published under various pseudonyms or even without his signature. The conditions of conspiratorial work had demanded the destruction of some manuscripts, while others had found their way into the police archives. It became possible to bring together all Lenin's works only after the establishment of Soviet power.

In March, 1920, in connection with the approaching 50th birthday of the great leader, the Ninth Congress of the Party resolved to publish in our country a collection of Lenin's works. In conformity with this decision the first collection of Lenin's works was published between 1920 and 1926. It was in 20 volumes and 26 books (six volumes consisted of two parts each).

The first edition of Lenin's works contained about 1,500 works. It was not a complete edition because many of Lenin works were not found. In particular, this edition did not contain many of his articles from the newspapers Iskra, Proletarii, and Pravda published without his signature or under pseudonyms. The order in which the materials were published in this edition had no definite principle: some works were grouped in chronological order, others were grouped by contents. Bibliographical and reference materials were very scanty.

The second edition of Lenin's works and the third one, the contents of which are no different from the second, were prepared by the Lenin Institute in conformity with the decision of the 13th Congress of the Party and of the Second All-Union Congress of Soviets in 1924. In the resolution of the Soviets it was pointed out that "The best monument to Vladimir Ilyich Lenin will be a wide, mass dissemination of his works which will make the ideas of communism the propert of all workers."

The second and the third editions of Lenin's works in thirty volumes was published between 1926 and 1932. These editions contained more than 2,700 works including 1,265 works (among them 500 letters) which were not found in the first edition.

In the preparation of these editions the texts of most of Lenin's works were checked with manuscripts. Errors of all kinds and inaccuracies were corrected. The bibliographical and scientific parts were quite detailed. Yet it should be noted that both the second and the third editions were far from complete, that the bibliographical reference materials contained unnecessary details and occupied too much space — from one-fifth to one-third of each volume.

The fourth edition of Lenin's works was prepared for publication in conformity with the decision of the CC of the Par and was carried out in 1941 and between 1946 and 1950. It included 2,927 of Lenin's works and was in 35 volumes. In addition two volumes of letters and one volume of bibliographical and other information in two parts were published. The fourth edition included more than 500 new works (sixty-two of them published for the first time).

Extensive scientific work was done in preparation of the fourth edition: many works were checked through better sources — manuscripts found in the last years, and stenographic reports of his speeches. More precise information about Lenin's life, revolutionary and scientific activities was given.

However, even this edition was not complete. It did not contain a number of works published in the second and third editions, mainly letters and first drafts. Bibliographical materials of the fourth volume were too brief. In order to fill in these gaps the Institute of Marxism-Leninism at the CC, CPSU, is publishing five additional volumes of works found in the third edition but not found in the fourth, as well as works published after the fourth edition and Lenin's letters to his relatives. These volumes will contain "Philosophical Exercise Books," "Exercise Books on Imperialism," and "Agrarian Exercise Books."

Following a decision of the CC, CPSU, the Institute of Marxism-Leninism started preparation of the complete (fifth) edition of Lenin's works in 55 volumes.

The preparation of a complete edition is necessitated by the fact that a number of Lenin's works are still difficult to get for the broad masses of readers because they were published at different times and in different editions. Some editions, published in a small number of copies, became scarce. Beside "full" collections of his works, at different times and in a small number of copies thirty-five collections containing Lenin's abstracts, exercise books, preparatory materials, etc. were published.

Lenin left an enormous literary legacy. He wrote a large number of monographs, thousands of articles, communications and letters. His numerous reports to Congresses of the Soviets, speeches at the meetings and assemblies of workers and peasants are invaluable.

The Institute of Marxism-Leninism at the CC, CPSU, has collected more than 30,000 of Lenin's documents. Among them are manuscripts of his books and articles, stenographs of his reports with corrections in his hand, precis and extracts from books and other documents. It must be noted that the amount of materials in that institute is increasing with each passing year. Lately it received Lenin's materials and historical party documents of the period from 1912 to 1914 when Lenin lived in Krakov and Poronino, among them several manuscripts of his articles for Pravda, letters and articles for the newspaper Sotsial-Demokrat, brief notes on the CC meetings of the Russian Social Democratic Party of April 15-16, 1914, materials of the Brussels Conference, summoned, as is known, by the International Socialist Bureau in order "to reconcile" the Bolsheviks and the Mensheviks, letters to the CC and to Lenin and N. K. Krupskaya, materials concerning activities of the Bolshevik members of the Fourth State Duma, correspondence with the editional staff of the magazine Prosveschenie [Education], etc. Part of these materials was published in Pravda and in the magazines Kommunist and Historical Archive.

Lenin's complete works will contain all materials published in the third and fourth edition (more than 3,000 documents). In addition to his complete works this edition will also contain Lenin's preparatory materials: plans, drafts, sketches, calculations, tables, and also precis and extracts from books. They will bring the reader into the creative laboratory of Lenin's genius, will show the devices and methods of his scientific work, will show how Lenin approached the materials he studied, and how he evaluated sources. They show that he carefully and comprehensively studied social and economic processes, many times checked and rechecked economic indices. One part of the preparatory materials will be published in the volumes containing the complete works of Lenin (as appendices), other materials will be given in special volumes.

A complete edition of his work will also contain precis prepared by him when he studied the German edition of the four-volume correspondence between Marx and Engels and materials concerning the agrarian problem, among which there are many notes never published. Materials on that problem will make a separate volume, while another volume will contain "Exercise Books on Imperialism" together with preparatory work for the book "Imperialism: the Highest Stage of Capitalism."

A special volume will contain his "Philosophical Exercise Books." Here Lenin's notes on the margins of G. V. Plekhanov's "Basic Problems of Marxism" and "N. G. Chernyshevsky" and on the margins of V. Shulyatikov's "Justification of Capitalism in Western European Philosophy" and various other materials will be found.

The complete works of Lenin for the first time will contain Lenin's exercise book "Marxism on the State" and preparatory materials for his book "The State and the Revolution." In this exercise book Lenin recorded the most important statements of Marx and Engels concerning the state. It also contains Lenin's notes and conclusions. For example, having cited "Critique of the Gotha Program" Lenin characterized the basic difference between democracy under capitalism and under socialism in this way: "I. Democracy only for the rich and for a small layer of the proletariat (The poor have other preoccupations!). II. Democracy for the poor, for 90% of the population, suppression by force of the resistance of the rich" (Lenin Miscellany, XIV, p. 267).

The complete works will for the first time contain a number of Lenin's documents published during the Iskra period, his letters to G. V. Plekhanov, G. M. Krzhyzhanovsky, S. I. Radchenko, V. D. Bonch-Bruevich, precis, sketches, and plans of articles.

Documents characterizing Lenin's struggle with "liquidators," for the preservation of the Party during the period of reaction and of the new revolutionary wave (mainly letters to G. V. Plekhanov, V. A. Karpinsky, F. A. Rotshtein, L. Tyshke) will also be published for the first time. In his article "The Unity of the Workers and the Elections," to be included in his works for the first time, Lenin exposed the liquidators who made an attempt, under the guise of a struggle for "unity," to split the working class, to force upon it their own candidates in the elections for the State Duma.

A number of documents, published for the first time, were written during the World War I. They include precis and plans of a pamphlet (which remained unwritten) "The European War and European Socialism," notes on papers by G. V. Plekhanov and V. Kosovsky, the record of a discussion of his papers, materials concerning the Zimmerwald conference, and letters and other documents.

Some materials relating to the period of the French Revolution and the Great October Socialist Revolution also will be published for the first time. They will include the first draft of his April theses, materials for his speeches at the meeting of the Bolsheviks at Kshesinsky Palace, a plan of a pamphlet about the April conference, theses about a declaration of the Provisional Government, an abstract of resolutions concerning measures necessary to prevent economic collapse, and his letters. Incidentally, in his letters to Y. M. Sverdlov in October, 1917 (the exact date was not established) he emphasized: "We should take the offensive by all means and will be fully victorious in several days" (Archive of the Institute of Marxism-Leninism at the CC, CPSU; see "Help for Political Self-Education," No. 4, 1957, p. 37).

Documents relating to the Soviet period, published in the collection of Lenin's works for the first time, are of exceptional interest. As is known, Lenin, from the first year of existence of Soviet power, paid great attention to the question of organization of the economy, to economic construction and to the reasons for democratic centralism in the management practice. In the plan of a speech made at the First All-Russian Congress of Economic Councils in May, 1918, Lenin pointed out:

"The great role of the economic councils
(1) organizational task
—the most difficult
('Measure seven times'...)*
(2) use of specialists ...
(3) the discipline of new ideas; new
order, new discipline
(compare 1861-71)

a difficult task || (4) no basis for pessimism..."

(Archives of the Institute of Marxism-Leninism at the CC, CPSU; see "Help for Political Self-Education," No. 4, 1957, p. 38).

A large number of documents, for the first time published in the collection of Lenin's works, deal with the operation of the Soviet state apparatus. They reflect the party's struggle with bureaucracy, the struggle for bringing broad masses of workers into the state administration, measures designed to make the machinery of the state simpler and cheaper.

A number of documents in the new edition belong to the period of the Civil War and Intervention. They show Lenin's activity as chairman of the Council of Workers' and Peasants' Defense, his constant efforts to strengthen by every means the armed forces of the republic, to mobilize all popular forces for the destruction of the hostile armies.

In many of Lenin's materials included for the first time in the collection of his works a basis for the peaceful foreign policy of the Soviet government, for the necessity of establishing business, economic connections with all countries is laid. For example, in an interview given to the American correspondent Lincoln Eyre in February, 1920, Lenin said: "Several times we made known our striving for peace... But we shall not allow ourselves to be strangled in the name of peace.

"I do not see any reason why such a socialist state as ours could not have unlimited business relations with capitalist countries" (Kommunist, No. 15, 1957, p. 12).

Many new materials included for the first time in the collection of his works treat problems of socialist construction and proletarian culture. For example, in the draft of a revision of one point in the party's program concerning education, March 20, 1919, at the Seventh Congress of the Party, Lenin wrote:

"add — for the adults

(1) polytechnical education for the young and for adults { the development of specialized education and the transition to polytechnical education"

(Lenin Miscellany, XIII, p. 80).

In his notes on electrification Lenin reveals its importance for communist construction:

"Importance of electrification

1. Modern technology.
2. Restoration of productive forces. Raising of these forces.
3. Centralization — maximum.
4. Communism = Soviet power + electrification.
5. A general and single plan: concentration of people's attention and forces.
6. Raising the level of culture (of the workers).
7. This is not just a problem of literacy."

(Lenin Miscellany, XXXIV, p. 394.)

Lenin's complete works will include such important documents, dictated by Lenin in December, 1922, and January, 1923, as "A Letter to the Congress," known as his "Testament," letters concerning granting legislative functions to the State Planning Commission and "Concerning the question of nationality or 'autonomization.'"

In 1958 subscribers will be sent the first five volumes of the complete works. The first volume will contain works written by Lenin in 1893-1894, the first period of his revolutionary and scientific activity: "New Economic Movements in the Peasants' Life;" "Concerning the So-Called Question of Markets;" "Who Are the 'Friends of the People' and How Do They Fight the Social Democrats?;" "The Economic Contents of Populism and Its Critique in Mr. Struve's Book." Lenin's depositions and applications in connection with his admission to educational institutions and his admission to th bar of the Samara Apellate Court and other materials will be included in the appendices of the first volume.

The works written by Lenin in 1895-1897 such as "Friedrich Engels;" "A Draft and Explanation of the Social-Democratic Party's Program;" "Tasks of the Russian Social-Democrats;" "Which Inheritance Do We Give Up?" will be included in the second volume.

A large part of this volume will contain Lenin's works written for the workers: "Explanation of the Law Concerning Fines Imposed upon the Workers in the Factories and Mills" and "A New Factory Law;" leaflets "To Male and Female Workers of Tornton's Factory," "To the Tsarist Government;" an article: "What Are Our Ministers Thinking About?" Lenin's economic works directed against the populists such as "A Characterization of Economic Romanticism "The Census of Household Industry of 1894-95 in the Perm Province and the General Question of the 'Household' Industries;" "Pearls of the Populists' Hare-Brained Projects;" "Gymnasium Economies and Corrective Gymnasiums;" "Concerning One Newspaper Paragraph:" All these will be published in the same volume.

A precis prepared by Lenin in 1895 on the first part of G. LeFrance's book "An Essay on the Movement of the Pari Communards in 1871" and other materials characterizing the revolutionary activity of Lenin — his statements at the questioning during his confinement in Petersburg prison in 1895-96, his applications and receipts, also will be publishe in the second volume.

Lenin's fundamental work "Development of Capitalism in Russia" will appear in the third volume.

Lenin's preparatory materials for the "Development of Capitalism in Russia," many of which will be published for the first time, will be given in the fourth volume of his complete works.

Works written by Lenin between 1898 and 1901 will be included in the fifth volume of his complete works. Some of the ma terials published in this volume are new. Here we may mention notes on S. and B. Webb's "Theory and Practice of British Trade-Unionism" and excerpts from the most important documents "The Union of the Russian Social Democrats Abroad."

The inclusion in the complete works of works which have never been published, as well as of preparatory materials, the systematization of Lenin's entire literary legacy, as we as preparation of new thorough scientific-biliographical ma terials will be of invaluable help for Soviet and foreign reader

The publication of the complete works will help millions of readers in the USSR and abroad to penetrate deeper into the immortal creations of Lenin's genius.

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* [An allusion to the Russian saying "Measure seven times and cut only once."—Trans.]

D. Polyansky:

Some Questions of the Development of Intensive Agriculture

(AS APPLIED TO THE KUBAN*)

The workers of our country met with great enthusiasm the historical decisions of the February Plenum of the CC, CPSU, and the First Session, Fifth Convocation, of the USSR Supreme Soviet, concerning measures for the development of the kolkhoz regime and the reorganization of the MTS. The Soviet people see in these measures a new manifestation of the care of our Communist Party for the uninterrupted growth of the productive forces of socialist agriculture, for the further increase of agricultural products and the reduction of their cost.

As a result of the mergers carried out in the post-war period the collective farms of the Kuban became large, many-sided intensive economies. The most convincing proof of the advantages of farm mergers may be seen in the fact that the incomes of the collective farms per hectare of agricultural land during the first years after the merger increased by 66%. During the same period indivisible funds per hectare of agricultural land increased by 67% and per able-bodied member of the farms by 71.5%. The rate of growth of the indivisible funds has sharply increased. All this is a new confirmation of the wisdom of the Party's policy which made the timely discovery and solution of the contradiction between the growing productive forces in agriculture and the production relations, which contradiction resulted from the relatively small size of collective property.

An especially rapid growth of kolkhoz production took place after the September Plenum of the CC, CPSU, and the 20th Congress of the Party. As a result of the implementation of measures outlined by the Party, a new stage opened in the development of agriculture: the collective farms are rapidly raising the level of intensity of their economy. For example, in 1956 the monetary incomes of the collective farms of the Krasnodar border region rose to 2,730.3 million rubles, that is, increased by 95% from their 1953 level or by 94% if we calculate them per hectare of cultivated land. Considerable changes also took place in the indivisible funds of the collective farms. In the three years that passed since the September (1955) Plenum of the CC, CPSU, their value reached 2,683.9 million rubles, or increased by 65% or, per hectare of agricultural land, by 62%. The yields and the gross harvest of agricultural products increased, as may be seen from the following data for 1956 (expressed as percentages of 1954):

	Yields per hectare	Gross harvest
All cereals	125.2	124
Winter wheat	122.3	105
Corn	128.8	255
Sugar beets	140.0	203

An increase in the state capital investment in agriculture to a considerable degree helped to strengthen the economy of the collective farms. The state investment in the MTS of the Krasnodar region increased from 170 million rubles in 1954 to 420 million rubles in 1957. As a result of this the technical equipment of Kuban agriculture has greatly increased. In 1950 the Kuban MTS had 12,625 tractors; by the end of 1956 their number increased to 14,440 and the hp capacity of the tractor fleet of the MTS increased during the same period from 266,300 hp to 338,700 hp. During the same period the number of trucks in the MTS increased from 1,386 to 2,762 or almost doubled. The repair base of the MTS was strengthened; a large number of specialized agricultural machines was delivered: earth-digging and brush-cutting machines, bulldozers, and others. Many kinds of agricultural work, as for example, plowing of fallow, autumnal plowing, sowing of winter cereals, of sunflowers, sugar beets, was fully mechanized; the level of mechanization of other agricultural work also was raised.

Great work was done in strengthening the trained personnel of the collective farms. 2,840 Communists were sent to take responsible positions in the collective farms of the region and 83 of them were recommended as chairmen of the collective farms. The majority of them are experienced organizers, able to solve important and complex tasks facing the collective farms. The agro-technical and zoo-technical servicing of the collective farms also was improved. A great part in that respect was played by shifting specialists of agriculture from their administrative offices to the fields and subfarms of the collective farms.

As a result of self-sacrificing labor of the kolkhoz members, workers of the MTS and state farms, the lagging of agricultural production in the Krasnodar region was to a considerable degree overcome in 1957 and a noticeable growth of kolkhoz production was ensured. The collective farms and state farms of the region in 1957 obtained a larger crop of cereals than in 1956. Great attention is now paid to the development of livestock production. For example, production of milk on the collective and state farms increased from 111 centners per 100 hectares of agricultural land to 140 centners in 1957. Milk yield per cow on the collective farms increased from 1,962 kg in 1956 to 2,330 kg in 1957. Production of meat on the collective and state farms rose to 37 centners per 100 hectares of agricultural land or increased by 37%. Over-all production of milk increased in 1957 by 27% and of meat by 38%. The Krasnodar region completed the procurement plan and the plan of purchase of agricultural products ahead of schedule. The plan of procurement and purchase of milk was overfulfilled by the collective farms by 50%, of meat by 54% (three times more pork was delivered than planned), of eggs by 86%, of wool by 6%. The state obtained more products than in 1956 by the following amounts: of wheat by 40 million poods, of meat — by 53,000 tons, of milk — by 132,000 tons, of eggs — by 68 millions. For the success achieved in the development of agriculture the Krasnodar region was awarded an Order of Lenin and about 5,000 agricultural workers, specialists,

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* [Translator's note: Kuban is used as a synonym for the Krasnodar region because it is its main waterway.]

Party and state workers were awarded orders and medals of the Soviet Union.

On January 1, 1958, the Krasnodar region had 451 collective farms. On the average a collective farm had 7,228 hectares of cultivated land and 1,280 ablebodied members. By comparison with 1953 the monetary income of the collective farms increased by 102.7% or, per hectare of agricultural land, by 113.5%. Indivisible funds during the same period increased by 79.1% or, per hectare of agricultural land, by 88.6%. Collective farms are now able to invest substantial means into capital construction. The housing fund of the collective farms is increasing. With their own labor force they are building 117 schools, 86 hospitals and 184 clubs. A substantial construction of accommodations for livestock is being built. In 1957 the collective farms spent for these purposes 158 million rubles.

All this shows that the kolkhoz production of the Krasnodar region was raised to a higher level, that the collective farms were considerably strengthened, that they are now able to solve more and more complex and difficult questions connected with the satisfaction of the constantly growing needs of the population in foodstuffs and of the light and food industry in raw materials. Before the collective farms of the region a broad perspective of increasing the intensity of agricultural production is now opened. The task ahead is to remove completely the causes which in the past prevented the utilization of all the possibilities inherent in the kolkhoz regime.

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One of the circumstances preventing the further development of the collective farms is the old form of production-technical servicing through the MTS.

The necessity of organizing production-technical servicing of the collective farms through the MTS had been advanced by experience in the course of the development of our agriculture on the road to socialism. The MTS, side by side with the state farms, played an important part in the socialist reconstruction of agriculture. They demonstrated visibly and convincingly the advantages of the large collective economy using modern technique. The MTS rendered help to the collective farms in their organizational-economic strengthening, in their organization of labor and training in socialist discipline, in freeing the collective farms from the hostile kulak elements. Especially great was the part of the MTS in the technical reconstruction of agriculture and in the struggle for the reeducation of the many-million masses of the peasantry in the spirit of collectivism. Under the influence of the MTS the face of our villages was radically changed, enterprises of an industrial type were built, a huge army of machine operators grew up and the cultural-technical level of the kolkhoz peasantry was raised. The MTS made it possible in a historically short time not only to carry out a technical revolution in our villages, but also to cement the ties of the city and villages, to strengthen the alliance of the working class with the kolkhoz peasantry. As a result the social-economic conditions of our villages have radically changed.

Now the kolkhoz regime enters a new period of development. The collective farms became large intensive economies with many branches of production, armed with modern technique. Through the measures taken by the Party for the advance of the kolkhoz economy their incomes have sharply increased, the material welfare of the kolkhoz members has increased. A huge army arose in our villages, an army of highly trained agronomists, veterinarians, engineers and technicians — organizers of large-scale agricultural production — as well as of skilled machine operators able to use technical means efficiently. With the change in the conditions of development of the kolkhoz regime the position of the MTS has also changed. If in the past the form of production-technical servicing of the collective farms through the MTS was one of the most important factors in the growth of the productive forces in our villages, now it has become a brake on the development of kolkhoz production.

The presence of two masters on the same land — the collective farm and the MTS — brought about a conflict in work and prevented the rational utilization of the land. The basic labor force of the collective farm was so to speak separated from the most important means of production and this reduced the possibilities for using the labor force and agricultural machines. For example, the average work per tractor (in terms of 15-hp tractor) for all the MTS of the Krasnodar region was 636 in 1950 and 627 hectares in 1956 (in terms of plowed land). The reduction of work done per day was even greater in 1950: the average work of a tractor (in terms of 15-hp tractors and hectare of plowed land) was 7.2 hectares, in 1956 — 4.8 hectares. The idleness of the MTS tractors in the Krasnodar region reached in 1956 44% of the calendar time. In 1957 this idleness was reduced to 40% of the total calendar time, but still made up a considerable part of the working time. It is characteristic that the idleness of the tractors was caused mainly by organizational shortcomings and absence of work. Consequently, the level of saturation of agricultural production with machines entere into contradiction with the possibilities of using these machines through the MTS. The existence of two guiding centers in the same process of production interfered with a person's close relationship with the machines, produced parallelism, lack of responsibility, prevented the rational utilization of the kolkhoz's and MTS' means of production and, above all, a high productive use of the powerful agricultural machines. This made an increase in the intensity of agricultural production more difficult.

In order to remove the serious shortcomings and contradictions brought about by the existence of two guiding centers of the same process of production, at the beginning of 1957, as an experiment, the management of twelve collective farms and MTS serving them in the Krasnodar region were merged. This merger removed various differences and disagreements. The need to adjust the opinions concerning various questions between the kolkhoz board and the MTS officers disappeared. As a result, the loss of time was reduced, the field and tractor brigades began to work in accord, the feeling of responsibility on the part of the kolkhoz members and the workers of the MTS for the quality of field work was increased, their friendly relationship and accord in their work was strengthened, the organization of labor, and the distribution of the labor force, of tractors, and other agricultural machines was improved.

The merger of the management of the collective farms and the MTS in the very first year was favorably reflected in their general production activities. The use of machines was considerably improved and the idleness of machines reduced, as may be seen from the following table.

The average work per tractor (in terms of 15-hp tractors) increased in the Mikhailovsk MTS by 13%, in the Staro-Myshastov MTS by 24%, in Fastovetsk MTS by 28% and in Kamyshevatsk MTS by 30%. In 1956 the idleness of tractors in Staro-Myshastov MTS amounted to 9,203 tractor days; in 1957 it was reduced to 2,755 tractor days or more than thre times. In 1956 the idleness of tractors in the Fastovetsk MTS amounted to 8,612 tractor days, in 1957 to 2,275 tractor days. The cost of the tractor work was greatly reduced.

	Work done per year per tractor (in terms of 15-hp tractors and hectares of plowed land)		The cost of work per hectare (in terms of plowed land) in rubles	
	1956	1957	1956	1957
The Staro-Myshastov MTS	632	786	29.89	17.75
The Fastovetsk MTS	563	723	28.67	17.33
The Mikhailovsk MTS	583	659	31.88	19.82
The Kamyshevatsk MTS	607	788	28.52	20.36

The improvement in the use of the machines, the end of indifference to machines entrusted to personnel and increased responsibility of the whole personnel helped make it possible to carry out field work on time, ensured good quality, and increased the yield of crops and the productivity of kolkhoz livestock. As a result of this the intensity of the economy was increased. As an example of these changes data may be cited concerning the first results of the management which united the Lenin collective farm and the Staro-Myshastov MTS, Novotitarovsk district. The sown area remained the same, the number of machines and workers remained the same, yet the yields of various culcrops changed as follows: in 1956 the yields were 15.5 centners per ha, in 1957 — 22.6 centners; changes in yields of individual crops were as follows: corresponding figures for winter wheat 13.3 and 27.7 centners; for sunflowers 15.9 and 20.1; sugar beets brought 243 centners per ha in 1957. The production of livestock products also considerably increased on that collective farm as may be seen from the following table:

Production per 100 ha of agricultural land

	1956	1957
Milk, liters	11,207	16,171
Meat, centners	28	44.1
Pork, centners	9	16.9

Other data for the same period:

	1956	1957
Number of labor-days spent per centner of cereals	1.63	0.80
Number of labor-days spent per centner of sunflowers	3.1	2.47
Number of labor-days spent per centner of milk	6.8	5.5

The monetary income of the Lenin collective farm increased from 9,548,000 rubles in 1956 to 17,206,800 rubles in 1957.

All this shows that we should no longer permit the existence of two masters on the same land, that the MTS as a form of production-technical servicing for the collective farms have outlived their usefulness and the time has come to replace them with new forms which better correspond to the task of development of the kolkhoz regime. The CP detected in time this need for a change. Guided by the Marxist-Leninist theory of development our Party found the proper scientific solution of this problem under new conditions. In the decision of the February Plenum of the CC, CPSU, and in the report of Comrade N. S. Khrushchev at the First Session of the Fifth Convocation of the USSR Supreme Soviet concrete methods of changing the existing system of production-technical servicing of the collective farms are developed in conformity with the changed conditions in kolkhoz production.

The measures outlined by the Party for the development of the kolkhoz regime and the reorganization of the MTS are organically derived from the decisions of the 20th Congress of the CPSU. All workers of our country unanimously approve the wise decisions of the Party. Hundreds of collective farms in the Krasnodar region resolved to buy MTS machines in a year. In Korenovsk, Shcherbinovsk, Plastunov, and other districts all collective farms will buy machines in 1958.

The sale of machines to the collective farms will affect first of all agricultural machine building. The existing methods of distribution of machines among the MTS irrespective of whether they need them or not in some cases leads to a situation where machines with defects in their design are approved for serial production. After reorganization of the MTS the situation will change. Undoubtedly, the collective farms will willingly buy highly productive, economical machines and will refuse to buy poor ones. In our region even now one may hear unfavorable opinions about the KU-2 corn harvesting combine and the RSM-8 attachable combine. It is doubtful that these and other uneconomical machines of low productivity will be in great demand. This will compel the enterprises of agricultural machine building radically to change their methods of work, and this, in turn, will result in a sharp improvement of agricultural mechanization and, consequently, raise the level of intensity.

The reconstruction of the production-technical servicing of the collective farms will change the existing situation when the schedule of carrying out agricultural work and the use of machines was planned simultaneously by the MTS and by the collective farms. The MTS, trying to fulfill their plan of tractor work, sometimes carried out operations without considering their usefulness. This resulted in an additional unjustified expenditure of labor and means and increased the cost of agricultural products. With the reorganization of the MTS all questions of planning and utilization of machines will be decided by the collective farms. The latter in their struggle for the reduction of expenses per unit of product will not keep unneeded machines and will try to squeeze out of available machines everything they can. This also will make possible the much fuller and more rational utilization of machines. Finally, the reconstruction of the production-technical servicing of the collective farms will make it possible to reduce considerably the staffs of the MTS.

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Proper specialization and distribution of the production branches is of great importance for the fuller use of the tremendous reserves latent in the kolkhoz regime and for increasing the level of intensity of agricultural production.

The former practice, when regions and even districts tried to produce within their boundaries all the basic products, is now in contradiction to the task of obtaining the largest amount of products per 100 ha of land with the least expenditures. For example, in a number of Kuban districts situated on the Black Sea littoral up to the recent times attempts were made to increase the production of various livestock products (without sufficient basis for it) at the expense of the forced development of orchards and vineyards. As a result of such a policy the development of branches which, under local conditions, give the greatest economic effect, was checked while the branches which under local conditions have no great future and are economically disadvantageous were being developed.

Lately, and especially in 1957, in the Krasnodar region serious work was carried out for improving the geographic distribution and specialization of agricultural production by zones and districts in correspondence with the new tasks set before agriculture at the present stage.

The Krasnodar region is characterized by a great variety of natural and economic conditions which make a certain imprint on agricultural specialization. Practice irrefutably shows that obtaining the largest amount of agricultural production per unit of land area with the least expenditures of labor and means depends first of all upon the fact of how fully and wisely labor resources of the collective farms, common land and modern technique are utilized, and how far this utilization corresponds to local conditions. The experience of the Kuban collective farms shows that this can be achieved through many-sided development of the social economy in which the basis of specialization is provided by the leading branches or crops. Here the proper solution is not to try to have many branches on each farm, but to see that each branch — and not only the leading branch which determines specialization of the economy — corresponds to the local natural economic conditions and is highly profitable.

The analysis of the present state of agriculture in the Krasnodar region permits the conclusion that the Kuban collective farms have firmly entered the road of intensification of agricultural production and its many-sided development. Each year the volume of mechanized work is expanding. For example, the MTS of the region carried out the following amount of work per ha of plowed land: 3 ha in 1940, 4.6 ha in 1956 and 5.3 ha in 1957 (all this in terms of plowed land). On many livestock breeding farms the automatic supply of water and automatic watering have been installed, mechanical milking organized and overhead trolleys for bringing feed built, etc. Especially great is the importance of agricultural electrification. In 1957 more than 90% of the collective farms used electric power. Substantial changes also took place in the structure of the sown area, especially in recent years, as may be seen from the following data concerning the sown area of the collective farms of the region:

	Percentages of the sown area	
	1953	1957
All cereals	58.7	50.9
Of which:		
Winter and spring wheat	39.9	36.4
Rice	0.3	0.4
Corn	6.1	5.1
Others	12.4	9.0
Technical crops	15.8	11.8
of which sugar beets	0.5	1.7
Vegetables, melons and potatoes	2.7	2.5
Feed crops	22.8	34.8
Of which corn as green feed	——	11.4

Orchards and vineyards under conditions of the Krasnodar region have a great future. In the past the fruits in the Kuban were mainly produced for home consumption; very little was sold. It is enough to say that before the revolution the orchards occupied only about 13,000 ha and vineyards — 8,500 ha. A rapid development of orchards and vineyards began only on the basis of the socialist forms of economy. During the last five-year plans the Krasnodar region became one of the largest regions of commercial orchards and vineyards in the Russian Federation. The area under fruit trees, berries and vineyards in 1957 amounted to 107,000 ha for the whole region of which 61,000 ha were on the collective farms.

Natural conditions for the development of orchards and vineyards in this region are very favorable. The leading vineyard specialists in the collective farms of the Anapa, Gelendzhik, Plastunov and other districts obtain from 120 to 160 centners of grapes per ha. In the Adler, Slavyansk and other districts horticulturists obtain from 175 to 210 centners of apples or plums. Many examples may be cited to show the economic effectiveness of this branch of agriculture. For example, the Lenin collective farm, Gelendzhik district, has 550 ha of orchards and 110 ha of vineyards. In 1957 it obtained an income of 9.9 million rubles of which 8 million rubles came from orchards and vineyards The annual income of this collective farm from vineyards amounts to 40 to 45 thousand rubles per ha or 180 rubles per labor-day spent in vineyards.

However, the existing level of orchard and vineyard development in this region is not sufficient. One-fourth of the collective and state farms have an area under orchards and vineyards of less than 30 ha each. In 152 collective farms the area under vineyards is less than 10 ha; 93 collective farms in general do not have any vineyards.

In the past, in the development of orchards and vineyards, local conditions were not sufficiently taken into consideratio and there was no precise specialization of the zones for thes branches of agriculture. In a number of cases wrong plannin brought about serious mistakes in the location of orchards and vineyards. For example, in the district of the piedmont Northern Caucasus, where natural conditions are favorable for the development of orchards and vineyards, planted orchards and vineyards are few. The area under them is small even in such old districts of orchards and vineyards as Anapa, Krymsk, Temryuk, Tulsk, Goryache-Klyuchevsk and others.

This situation is being corrected. In the next 10 to 12 years the area under orchards in the region will be brought up to 200,000 ha and under vineyards up to 300,000 ha. In connection with this the serious work of redistributing plantations by types of fruit trees is ahead. In the past this branch of agriculture was developed mainly along the Black Sea littoral, on the low plain of the Kuban delta flooded in spring (Slavyansk and Krasnoarmeisk districts) and in the suburbs of Krasnodar. The vineyards will continue to develo in these districts. However the main attention should be given to the development of orchards in the piedmont and mountainous districts where natural conditions for planting high-yielding permanent orchards are the best. The area under vineyards will be developed mainly in the districts where vines do not require covering in the winter. This would cut down expenses of labor in that branch.

Sugar beets which, as Comrade N. S. Khrushchev said at the conference of agricultural workers in the Krasnodar region in March, 1957, may become a real source of wealth in the Kuban, are an exceptionally valuable crop with a great future under local conditions. The area under sugar beets amounted to 3,200 ha in 1913; it increased to 17,800 ha in 1940, 36,000 ha in 1956 and 57,000 ha in 1957. It is planned to bring this area up to 120,000 ha in 1958 and to 325,000 ha in 1960.

In the prerevolutionary period even on the sugar plantations of landlords' estates the cultivation and harvesting of one ha under sugar beets demanded the expenditure of more than 200 man-days. Though mechanization is far from being completed, now the expenditure of labor does not exceed 75 man-days per ha and in cases of mechanization with available means it usually requires from 40 to 45 man-days per ha. If we ensure mechanization of the basic cultivation of the soil and cultivation before sowing and carry out sowing in such a way as to allow cross cultivation and use beet combines for harvesting and mechanized loading, unloading and transportation of sugar beets, the expenditure of labor may be brought down to 30 or 40 man-days per ha.

The realization of a sharp increase in the intensity of sugar beet production requires the solution of many organizational and economic questions. The most important among them are: the rational distribution of the sown area under sugar beets among agricultural zones; a rise in the level of mechanization for the cultivation of sugar beets; the proper combination of beet production in the collective farms with other branches of production, especially with livestock breeding, and finally construction of sugar mills for the processing of sugar beets. Thus in the next three years 14 new sugar mills of large capacity will be built in the region. Of these, seven mills — Ust-Labinsk, Novo-Kuban, Giaginsk, Vyselkovsk, Malorossiisky, Uspensky and Kanevsky — will start their operations in 1958. By 1960 the Kuban will be producing annually more than 600,000 tons of sugar or a little less than the whole of England. In the districts with sugar mills, plants will be built for processing livestock products obtained on the base of sugar mill wastes with the least expenditure of labor and means.

The production of rice under conditions of the Krasnodar region is also very promising. Rice was sown here for the first time in 1929 on an area of 30 ha. By 1940 the area under rice reached 10,000 ha, by 1957 it rose to 17,000 ha. It is planned to bring it up to 100,000 ha in the next seven or eight years.

Rice is very demanding in respect to conditions of growth and agro-technique. It requires considerable expenditure of water and warm days for growth. It needs a long frost-free period with relatively high temperature, aerated fertile soils with warmth-preserving qualities and an even field surface. Such conditions in the Kuban are available in the lower reaches of the Kuban River. It is here that the new regions of stable rice production were created and they have very favorable possibilities for further development. For this purpose in these areas a large volume of water economy and meliorative works will be carried out as a result of which the lower Kuban will become one of the largest regions of irrigated agriculture in the Soviet Union specializing in rice production. Growing rice will become a leading branch of kolkhoz agriculture here and additional agricultural branches — truck gardening, breeding cows for milking, poultry breeding (mainly of water fowl) — will be combined with it.

In connection with the envisaged radical changes in the location and specialization of Kuban agriculture, the question of ensuring a necessary volume of winter wheat production must be solved in a new way. It appears that a reduction of area under this valuable crop is justified. However, this reduction should be accompanied by a constant increase in yields of winter wheat. Many farms in the region systematically gather over large areas from 25 to 30 centners per ha and even more. Bringing yields in most collective farms and state farms to the level of the leading farms is quite a feasible task.

One of the most important branches of Kuban agriculture is livestock breeding for the market. Favorable conditions for growing cheap feed grains and other feeds contributes to the successful organization here of large-scale production of milk, pork, eggs and other products of livestock breeding. Agricultural workers have set the following task for themselves: in the near future to overtake in peaceful economic competition the leading state in the United States — Iowa — in the production of meat, milk, and the number of productive animals per 100 ha of agricultural land. The year 1957 was a turning point in the development of livestock breeding. This was the result of measures taken for the strengthening of the feed base. The collective and state farms prepared in 1957 four million tons of silage alone, or 17 tons per cow. The procurement plan and the plan for purchase of milk and other agricultural products was fulfilled by the region ahead of schedule. As early as in November, 1957, the state plan of deliveries-sales of milk was overfulfilled by 12% and of meat — by 15%. The production of milk per 100 ha of agricultural land (excluding areas under perennials) on all kinds of farms increased from 199 centners to 253, of meat from 49 centners to 67. In milk production per 100 ha of agricultural land the Kuban is already ahead of Iowa.

However, the existing distribution of crops and the specialization of agriculture in the region as a whole and especially in individual zones and districts cannot be considered correct from the point of view of securing the highest intensity of production. The existing distribution of agricultural branches and crops suffers from a number of defects, the results of the centralized method of planning.

In the near future substantial corrections will be made in the distribution of Kuban agriculture in terms of branches and crops. Changes in the specialization of individual districts and collective farms and state farms inside districts will be made. The efforts of the Party, Soviets, and agricultural organs of the region are now directed toward surmounting the lag in the development of some important branches of agriculture under Kuban conditions and bringing the level of production in the main branches into correspondence with their possibilities. Thus, a rapid growth of commercial livestock breeding branches is envisaged and at the same time the successful carrying out of obligations undertaken by the region will be taken into consideration with the aim of a sharp increase of livestock products per 100 ha of agricultural land.

Up to recent time the development of livestock breeding, especially of such branches as pig breeding and poultry, was held up by a shortage of concentrated feeds. The expansion of the area under corn as grain and as succulent feed has created new, more favorable conditions.

The majority of the region's districts are characterized by a high percentage of land under cultivation and, because of that, a very low percentage of green feeds from natural grasslands, of silage and especially of pastures. For the next few years the balance of green feeds in many districts will remain strained and most serious attention should be paid to measures directed at strengthening the feed base. In particular a further expansion of the area under corn as feed, under perennial and annual grasses, winter wheat and others should take place in most collective farms of the northeastern and central zones of the region.

Now and in the future combined utilization of livestock for the production of milk and meat should be widely applied. In such a case beside milk the farmers obtain from 200 to 300 kg (and more) of meat per cow by raising the young stock up to two years and older. On the suburban farms which concentrate chiefly on the production of milk for cities and health resorts and have only a limited production of meat, the situation is different. Naturally, the question arises, what to do on farms which have young stock beyond the numbers needed for replacement? Now, when one of the most important conditions of livestock development is a rapid increase in the number of cows, it would be wrong to use such surplus heifers for meat, the more so because in the suburban areas the cattle usually have high milk yields. The excess of heifers after weaning must be sold to other farms as stock. The larger part of the excess of young bulls also may be sold to those farms which have grassland for fattening and market feeding, in particular to the collective farms of the hilly and mountainous zones. Here rich pastures and alpine meadows occupy about 30% of all agricultural lands and they are used most of the year.

The task of sheep raising is first of all a sharp increase in the production of fine wool. For this purpose the development of sheep with fine wool is necessary in an overwhelming number of districts of the northeastern and central zones. The development of such sheep raising in a region where the natural feed base is almost non-existant (especially in the central zone) is possible only if there is a great expansion of area under feed crops; but this will increase the cost per unit of product. With such an intensification of feed production it is necessary to increase the production not only of wool per sheep, but also of meat per sheep. Because of this, in the regions raising fine wool sheep the ratio between wool production and lamb production would differ, depending upon local conditions, and thus the farm may have either wool specialization or wool-lamb specialization. A change from wool specialization to wool-lamb specialization in the case of a transition to a more intensive feed base has possibilities but it requires serious work in improving the quality of lamb in existing breeds.

The intensification of hog breeding in the region in the next few years should be oriented not so much toward increasing the number of hogs as toward a sharp increase of production per hog. Bringing one litter by young sows before their slaughter results in an increase of production and reduction of costs. Many collective farms of the region foresee in their production plans keeping three, four, and even more such young sows for each hog.

Of great importance for increasing the intensity of farming in the great majority of Kuban collective farms is the organization and development of poultry farms for the market. Lately some success was achieved in the development of this branch. In 1956 in the whole region there were five million poultry; in 1957 their number increased to 26 million. However these results cannot be considered satisfactory. There are still quite a number of collective farms in the region with small poultry farms and small "yields" of eggs per hen.

Differences in natural and climatic conditions of various districts of the Krasnodar region influence poultry specialization breeding. In the majority of these districts grain production is well developed and this makes it possible for the collective farms to have large poultry farms with a high per cent of the production going to market. In the central and eastern districts there are great possibilities for raising turkeys. In the zone of limans [lagoons] on the littoral of the Azov Sea conditions for raising water fowl are exceptionally favorable. For example, in the Kanev district of that zone through good organization of duck raising in 1957 15 centners of fowl meat was produced per 100 ha of cultivated land. The development of the combined feeds industry will result not only in a sharp increase of productivity in poultry raising, but also in a considerable change in the location of poultry farms and in a greater degree of concentration and intensification of production on such farms.

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Differences in the natural-climatic conditions in the Krasnodar region are more favorable than in other regions of the country and its agriculture is better supplied with machines. As a result the productivity of labor here is considerably higher than the average for the country. However, these favorable conditions are far from being fully used. This may be seen from the following data of actual expenditures of labor-days per centner of production by the collective farms of the region:

	1954	1955	1956
All cereals	2.1	1.7	1.3
Grain (excluding corn)	-	1.5	1.2
Corn	-	1.9	1.8
Vegetables and melons	2.3	3.5	2.8
Sugar beets	0.65	0.61	0.53
Tobacco	-	51.0	85.0
Sunflowers	-	1.4	1.5
Milk	9.7	8.5	6.7
Beef	33.6	28.6	23.0
Pork	57.04	47.7	36.0
Lamb	23.2	18.9	16.5
Wool	181.3	147.2	129.0
Fowl	74.1	51.4	45.2
Eggs (per 100)	4.0	2.7	2.4

As may be seen from these data only in grain production was the expenditure of labor-days considerably reduced. As to other crops, the expenditure of labor-days was reduced little and for tobacco and vegetables even increased. Moreover the number of labor-days per product unit differs greatly in different collective farms. For example, in 1956 the Lenin collective farm, Beloglinsk district, spent per centner of grain 0.6 labor-days, while Kirov collective farm, Korenovsk district, where production conditions are more favorable, 1.3 labor days. In 1957 the number of labor days needed for the production of one centner of grains on the average for the region amounted to not more than one labor day. As for corn, sugar beets and other crops, the number of labor-days per centner spent in 1957 was larger than in 1956 because of unfavorable weather conditions and low yields.

The number of labor-days per centner of livestock products was, on the contrary, systematically reduced. In 1957 the average was reduced again. However the differences among districts and among collective farms continued to be great even in cases where conditions were the same. This may be seen from the following data on expenditures of labor-days per centner of livestock products by districts in 1957

Districts	Milk	Beef	Pork	Wool
Beloglinsk	6.6	31.8	35.7	153.6
Bryukhovetsk	8.1	20.0	46.0	107.0
Labinsk	16.6	44.5	51.3	112.4
Novo-Titarovsk	11.4	5.0	48.0	283.0
Ust-Labinsk	9.4	26.6	54.5	182.0
Giaginsk	8.7	50.0	45.9	219.4
Novo-Kubansk	6.1	15.3	35.2	121.2

In Labinsk, Ust-Labinsk, and Giaginsk districts conditions for the development of livestock breeding are considerably better than in Beloglinsk and Novo-Kubansk districts. Nevertheless expenditures of labor-days per centner of any of these four products in these districts were considerably higher. This is due exclusively to organizational causes and, first of all, to a wrong system of standards applied in livestock breeding. Expenditures in all branches of kolkhoz production and especially in livestock breeding are also unjustifiably high. For example, in the collective farms of the region, in order to obtain a yield of one centner of milk, two centners of feed units are spent; for the production of one centner of pork, from six to seven feed units or even more. The main cause of this is a shortage of albumen in the units, monotonous use of feeds and other defects of the feed supply.

The basic factors of the growth of labor productivity in the collective farms of the region are in plant production — better utilization of land and increase of yields of all crops; in livestock breeding — increased productivity of the kolkhoz cattle and poultry.

In connection with the broad program of development of orchards, vineyards, sugar beet production on the one hand and relatively limited possibilities in the increase of sown area in the Kuban on the other, the increase of yields of all crops acquires special importance. An increase in the production of agricultural products is possible also through the use of abandoned fertile lands. In Tulsk, Seversk, Psebaisk and other districts there are more than 150,000 ha of such lands. In all districts, and especially in the Korenovsk, Plastunovsk and others it is necessary to expand the cultivated area at the expense of the area of the former khutors [farmsteads, apart from the villages, with land around them—Trans.] Also much land is lost around fields and farm buildings and because of excessively wide country roads.

The struggle with losses at all stages of agricultural production is also an important source of increasing the productivity of social labor and lowering costs per centner of products. It is important not only to get a good crop from a biological standpoint, but also to reduce to a minimum the losses in harvesting and, later, in storing the crop. To achieve the same purpose in livestock breeding it is necessary to prepare high quality feeds with proper albumen content in the feed rations.

One of the most important sources of the growth of labor productivity and lowering unit production costs is further raising the level of technical equipment per worker and the mechanization of all branches of kolkhoz production. At present the level of mechanization is relatively high only in grain production. With the growth of mechanization in all agricultural branches it is necessary not only to improve the existing design of machines and mechanisms, but also to design new machines and mechanisms for vineyards, orchards, truck gardening and all other branches. Here it is necessary to note that mechanization is closely connected with the improvement of, and changes in, the technology in all branches of production. These improvements, in their turn, form the most significant reserve of reducing the expenditure of labor per unit of production.

The improvement of technology and the organization of production produce their greatest effect only in cases when they are combined with measures for increasing the material interest of the workers in the reduction of cost, in raising standards, in increasing production per head of livestock, etc. In view of this, working out and using simple forms of payment for labor depending upon the final results of production and also the application of cost accounting in the collective farms are of especially great importance.

The improvement in planning and guiding all branches of agriculture play a great part in increasing labor productivity and lowering expenses per unit of production on the collective farms. The CP pays a great deal of attention to these questions. Two years ago a new procedure of planning production on the collective and state farms was introduced. Under it it was necessary to take into consideration the concrete conditions and peculiarities of each collective farm to the greatest possible degree. Specialists together with the leaders of the collective farms should study systematically the rotation of crops and establish for their collective farms a rotation of crops which is agronomically and economically justified. Each collective farm should also study its seed strains, try to expand to the greatest possible degree the area under those strains of grains and other crops which bring the highest yields under local conditions. Every district, and in every district, every collective farm should prepare a well thought-out plan for the development of all branches of agricultural production for a long stretch of time, considering all its possibilities and reserves. Collective farms and their members should utilize in practice the advantages of the new planning procedure, improving the structure of the sown area in order to obtain a maximum quantity of products per unit of area.

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The Krasnodar region is only one of the sectors of the fully formed line of battle for increasing the production of meat, milk, and other agricultural products which is being carried out by the Soviet people under the guidance of the CP. But even on the basis of the example of this region one may clearly see the results of the energetic work of the Party for the powerful upsurge of agriculture in our country, for increasing its intensity. The decision of the February Plenum of the CC, CPSU, and the law passed by the First Session of the USSR Supreme Soviet concerning the development of the kolkhoz regime and the reorganization of the MTS will be of great help to the workers of the Kuban region in the solution of the problem of how to transform the Kuban region into a region of highly productive livestock breeding, large-scale sugar beet production and orchards and vineyards.

A. Kiryukhin:

A System of Machines for the Complex Mechanization of Agricultural Production

In the light of decisions of the February Plenum of the CC, CPSU, and of the First Session, Fifth Convocation, of the USSR Supreme Soviet concerning the reorganization of the MTS and development of the kolkhoz regime the question of improving the system of machines for the purpose of the complete mechanization of agriculture as a final goal acquires the most timely significance.

The complex mechanization of agriculture is of great importance for the technological progress of Soviet agriculture, especially now, when the collective farms are buying machines and tools. The leaders of the collective farms and their members cannot be indifferent to the question of which machines will be on sale to the collective farms. This question is quite legitimate because the plants building tractors and other agricultural machines up to now have produced machines without considering conditions existing in various zones of the country and the needs of the complex mechanization of all agricultural production. Moreover many plants produce machines which are not finished from the designing point of view, cannot be fully utilized in agriculture and sometimes stand idle for years and are finally sold as scrap iron. For example, the MTS of the Leningrad region has received many useless machines of the total value of 3.5 million rubles. These machines stood in the MTS courts for years and now are completely useless.

Such a situation should come to a speedy end. Collective farms will buy only machines which are suitable for the concrete conditions of their farms and for the task of complex mechanization. Differences in natural, soil, climatic, and economic conditions of the collective farms require certain differences in machines and tools serving the same purpose. However, in each group of agricultural machines and tools serving the same production purpose in the boundaries of the same natural zone or a number of similar zones those types must be singled out which to the greatest degree answer the requirements of the complex mechanization of agricultural production and, consequently, of increasing labor productivity and reducing the cost of work.

The importance of the complex mechanization of individual branches of agriculture (with the use of the most suitable assortment of machines) may be seen from the following data. Last autumn the Irtysh collective farm, served by the Serebryansk MTS, Omsk region, used two groups of machines for harvesting grain crops. The first group included five attachable C-6 combines, three ZhR-4.9 reapers without carriage and eight DT-54 tractors. According to the existing standards these machines were served by 31 men. The second group consisted of two CK-3 self-propelled combines, one C-4M combine, one ZhB-4.6 reaper without carriage and a Belarus tractor with a hydromatic drive. It was served only by four men. The first group of machines harvested in 24 working days 1,110 ha of grain. The second group in the same time harvested 1,006 ha. Production per man in the first group amounted to 648 centners of grain and the area harvested per man 36 ha; the corresponding figures for the second group were 4,500 centners of grain and 250 ha. Thus the expenditure of labor in the second group was seven times smaller. This was achieved mainly through the use of separate crop harvesting by self-propelled combines which are more productive than the attachable ones.

One more example of economic efficiency of machines properly selected and organized. As a rule, cultivation of 100 ha of corn requires from 25 to 30 men. In the Kirov collective farm, served by the Usmansk MTS, Voronezh region, in 1952 two machine operators with a complex of machines (which consisted of one Belarus tractor, an SKGK-6B driller for the cross-cultivating hill drop method of sowing corn with mechanical diagonal transfer of measuring wire, a KRN-4.2 suspended cultivator, and an SK-2.6 combine for harvesting silage) carried out all work of cultivation and harvesting of corn over an area of 130 ha. From this area they obtained a high yield of 375 centners of green silage per ha. In 1957 they cultivated another plot under corn with an area of 198 ha. In spite of unfavorable weather conditions the yield of green silage was 250 centners per ha.

Similar examples could be given from the production experiences of other branches of the collective and state farms.

However, in spite of certain successes in the utilization of new machines the problem of complex mechanization of the whole of agriculture has not been fully solved. Even on the grain farms, where the level of mechanization is the highest for plowing, sowing and harvesting, such labor-absorbing operations as processing grain after harvesting on the threshing floor, collecting and stacking straw and chaff, spreading organic and commercial fertilizers are mechanized little. The level of mechanization of auxiliary operation on the collective and state farms is still low. They demand many times more labor than the basic operations carried out by machines. For example, the collection of straw absorbs 77% of all the expenditure of labor in harvesting cereals carried out by combines; 85% of all expenditures of labor in harvesting of sugar beets is spent on cleaning and loading. Though all basic operations in cultivating sugar beets are highly mechanized, 99% of all expenditures of labor (before harvesting) is spent on thinning and weeding carried out by hand.

Consequently, for the complex mechanization of agricultural production we need to design a system of machines which would fully free us from the use of hand labor, not only in the main operations, but also in auxiliary ones. We need a system of machines, a combination of specialized machines so that some specialized machines can continously give work to other specialized machines and carry out most or all operations in the production of a given kind of crop.

All this poses before the scientists, engineers and designers an urgent task for the perfection and designing of new tractors and agricultural machines which will satisfy present requirements.

It must be noted that up to recent times tractors and agricultural machines were designed and produced mainly for the conditions of southern, southeastern and eastern regions, that is, mainly for the steppe regions of the country. In view of this the collective and state farms of the center, north and northwest as well as Far East and Maritime regions were compelled to use tractors and agricultural machines which were not suitable for local conditions. The results could not fail to appear on the average production per machine per shift in the collective and state farms of these zones. For example, average DT-54 tractor work in the Krasnodar and Stavropol regions in 1955-56 amounted to 8.5 to 9.2 ha, while in the center and northwestern regions it fluctuated from 4.5 to 5.6 ha. The average daily work of the C-4 self-propelled combine in southern regions was from 10 to 12 ha, while in the regions of the non-black earth zone from 4 to 6 ha.

It is well-known how important is the proper aggregation of a tractor and of agricultural machines hitched to it or suspended from it. However the designing of tractors and of agricultural machines is carried out separately and without coordination. The result of this is that machines designed for the work in the orchards cannot be used with any of the tractors available on the market, with the exception of the KD-35 tractor.

Wheel tractors which are very maneuverable, most suitable for the aggregation with suspended machines and very convenient for transport work have not found a wide application in our country. Foreign experience shows that improvement in coupling through the use of driving gear on the front and back wheels of the tractor, the use of chains and of a rational protector of tires make it possible in many cases to replace heavy caterpillar tractors with wheel tractors.

The problems of increasing the economy and reliability of tractors and of standardization have not been solved. For example, the plants manufacture DT-54 tractors with different details of engine piston groups and this causes a great waste of spare parts, great inconveniences in use and especially in engine repairs. Many types of combines, plows and drills have serious technical-economic and designing defects. Suspended machines are more productive than the hitched ones and they are more economical; yet their production is lagging. Almost all agricultural machines and implements have levers, crank handles and pedals with labor-absorbing mechanical transmission and their operation requires great physical force. At the same time we have all the necessary conditions for designing and manufacturing machines which require minimal efforts in their operation and would guarantee great reliability and economy.

Many agricultural machines and implements are not adjusted for the work with available tractors in respect to capacity, speed and swath width. For example, we produce two-row potato planting machines; but the cultivator for cultivation between the rows of potatoes is a four-row machine. Tractor plowing can proceed at a speed up to ten km an hour. However the surface of the plow body is still designed for the power of the horse and because of that the speed of tractors in plowing is only about four km an hour. Raising the speed of tractors to 10 km an hour would make it possible for the collective farms to free more than half of their tractor fleet for other work and carry out plowing in the best time from the point of view of agricultural technique.

Combines also have serious designing defects. During the whole period of use their speed has increased only 15%. The thresher of the combine works according to the principle of a flail striking the ear. Only a small part of the capacity is spent directly on threshing; most of it is spent on crushing the mass of the straw.

Thus, the existing types of tractors and agricultural machines do not answer fully the requirements of the complex mechanization of agriculture. It is necessary to reexamine critically a number of designs of machines and technological processes with an eye to local conditions. In the development of agricultural machine technology we have entered a period when it is not enough to improve the existing designs, but it is necessary as a matter of principle to search for new designing and engineering solutions, and this may be said first of all about tractors. The new types of tractors should not only ensure a high level of mechanization of the basic field work (plowing, sowing of cereals and technical crops, harvesting of cereals), but should be suitable for cultivation and harvesting of crops which need loosening of soil during their growth, especially potatoes and vegetables, for the production of feeds, for mountainous agriculture, for orchards and vineyards, for forestry and a number of other branches of agricultural production in different zones of the country. It is necessary to produce more wheel tractors on pneumatic tires, including those with four leading wheels. In the regions of excessive moisture we need tractors which will be able to pass at proper speeds.

Special attention should be paid to the new types of tractors with self-propelling chassis and with engines of different capacities. Such chasses with suspended harvesting aggregates may take the place of the harvesting combines and this will greatly increase the coefficient of machine utilization. The use of the self-propelled chassis will make it possible to expand the application of the suspended machines and this will reduce the expenditure of labor, reduce the amount of metal used in manufacturing agricultural machines, will lower the consumption of fuel, and sharply increase labor productivity.

The completion of the complex mechanization in the production of grains means first of all arming the collective and state farms with machines and implements for the after-harvesting processing of grain on the threshing floor and the collection and stacking of straw and chaff. This is of special importance for the regions where the virgin and fallow lands are being opened. Here the collective and state farms harvest on the average from 20 to 40 thousand ha and every day from eight to sixteen centners of grain reach threshing floors. Yet most of the OV-10, VIM and other grain cleaning machines function unsatisfactorily because of defects in their design. As there are no highly productive grain cleaning machines, the farmers have to process grain by hand and this occupies a large labor force.

It is necessary to design a complex of machines for cleaning, drying, loading, and weighing of grain. Their capacity should be such that every farm would be able to clean and dry the harvested grain in a short time. Here special attention should be paid to increasing the daily capacity of the mobile drying machines. For the operation of these machines and mechanisms on the threshing floors it would be advisable to have portable economical electric stations using such local fuels as peat, straw, firewood and low calory coal.

For harvesting cereals, especially of the high-yielding, long-straw strains, we must produce on a large scale new types of grain combines on self-propelled chasses. On the basis of such a model and with maximal standardization we may design combines for work in hilly and piedmont regions and also combines with high ability to pass over excessively moist land and irrigated land (caterpillar and semi-caterpillar types). Before and after the harvest the chassis may be used in combination with cultivating machines and as a means of transportation. This would reduce the need in tractors and would make it possible to use more rationally the productive capacities of the tractor plants.

Practice showed that in the basic method of harvesting —

separate harvesting — the use of a self-propelled combine is more advantageous than of a hitched one. Yet the agricultural machine building plants continue to produce mainly hitched combines with a wide swath. In our opinion it would be advisable to discontinue the production of the hitched combines and to produce only the self-propelled ones. This would result in a considerable economy of metal, fuel, and money.

It is extremely important to increase the production of other mechanized means for the separate harvesting of grains. Engineers and technicians of the Barnaul combine assembling plant, working together with machine operators, designed for separate harvesting a coupling of two carriage reapers with traction and driving gear coming from the tractor. The harvesting of grain by this aggregate would make it possible to shorten the period of harvesting and free a large number of workers. At the same plant adjustments for the RSM-6 attachable combine were designed which would make it possible to mount on it two pick-up machines. Now the combine can thresh simultaneously two rolls drawn closer together, mowed by coupled reapers. This will also increase the productivity of labor in harvesting and will free labor for other operations.

All this shows that it is necessary to supply agriculture not with attachable carriage reapers, but with suspended reapers with a wide swath, with frontal cutting apparatus and a wide range of speeds. Changes in reaper speeds will also necessitate a change of the speed of its working organs. This will make it possible to mow cereals in large connected areas as well as selectively without losses and spoilage of grain in fields of different relief and different yields. The operations of crop processing should be moved to stationary, fully mechanized and possibly automatized large scale threshing-cleaning-drying "factories."

A weak spot in grain production is corn harvesting. Expenditures of labor here are still too great: they make up from 50 to 75% of all labor expenditures needed by that crop. Up to now corn has been harvested with the KU-2 combine, which is not up to requirements: it harvests only 2.5 ha per shift. Scientists and engineers are designing a complex of machines for harvesting, loading, and unloading corn. It is necessary to carry out research into the most rational methods of separate corn harvesting. Unlike other cereals corn can be harvested when dew-covered and thus the work can be done at night. The designers should take into consideration this important circumstance which helps make it possible to carry out corn harvesting in a short time.

Those occupied in cotton growing expect from the machine builders a complex of new machines: drills, cultivators, dusters, sprayers, etc. Now the collective farms are compelled first to sow the seeds and then to hack out the excess plants. With the use of a special drill they can place into each hill just as many seeds as necessary in order to obtain the necessary density of plants per ha. A number of inventors are now working at designing an economical drill for the cross-cultivation hill drop sowing of cotton. It is also necessary to design better cotton harvesting machines. The designers should remember such difficult and labor-absorbing operations at the cotton ginning stations as loading raw cotton into stacks and warehouses, pressing it into bales and loading it on trucks and railroad cars.

In flax growing first of all the need should be satisfied for flax-harvesting and sheaving machines with a better binding apparatus and for complex flax threshers; it is necessary to design highly productive threshing and seed-cleaning aggregates and complex flax seed cleaning machines and tractor flax drills for narrow rows.

The production of sugar beets, the fertilizing of young plants, cleaning, loading, and unloading are not sufficiently mechanized. The SKEM-3 sugar beet combine is better than similar foreign-make machines in productivity and quality of work. But the collective farms need an even better machine which would separate the beet roots from tops, crowns and earth and, most important, which would load beets directly into trucks. It is very important to design special sugar beet combines adjusted to conditions in the Baltic republics, White Russia, Krasnodar region and irrigated regions.

Our designers are now occupied with designing a universal combine which would make it possible to organize harvesting on a conveyor basis or with later gathering of beet roots into rolls and then their removal and loading.

The state of mechanization of truck gardening and potato raising, of orchard farms and mountainous agriculture is unsatisfactory. The collective and state farms annually sow millions of ha of vegetables, but their cultivation is done mainly by hand. Annually on the cultivation of the area under vegetables in the entire country from 250,000 to 500,000 man-days are spent. We have begun to produce a number of new machines and tools for the mechanization of cultivating and harvesting potatoes and vegetables. However, a complex mechanization of truck gardening and potato raising is not yet assured.

In orchards we have to mechanize such labor-absorbing operations as planting berries, cultivating soil between the rows of berries and under the crowns of fruit trees in orchards, harvesting the fruit, etc. We must also mechanize the work in the mountainous orchards and in orchards where trees form espalliers.

For the mechanization of the mountainous agriculture a number of measures are being carried out. For example, the DT-57 tractor with suspended machines for work on slopes is now in "standard" production. P-80 crust and clod breakers, bulldozers, stump pullers, planting and semiplanting plows are being used successfully in opening new fields. But these machines make it possible to carry out the cultivation of soil before planting, while such work as planting and cultivating tobacco, and spraying and dusting of vineyards is still done by hand. Besides great expenditures of labor and means this results in losses of products and slowing down the opening of new lands. Designers should also design machines for these operations.

Collective and state farms are not fully using all the stocks of fertilizers they have, especially organic fertilizers. It has been calculated that the collective farms may obtain annually about 500 million tons of manure and other locally obtained fertilizers. In effect this would be equal approximately to 35 million tons of mineral fertilizers or five times more than the collective farms receive from the chemical industry. But only half of this amount is brought to the fields. The cause of this is that the expenditure of labor for preparing, transporting and spreading manure, composts, peat and other fertilizers makes up 40 to 50% of the total number of days spent on grain cultivation. In the main all this work is done by hand. Our industry produces insignificant quantities of manure spreaders, artificial fertilizer distributors, manure loaders and other machines and some of them have serious defects in designing. Such machines bring an enormous economy of labor in connection with fertilizing the soils. Hence it is clear how important complex mechanization is in this field. It is necessary by every means to expand the production of machines for preparing, loading, transporting and spreading fertilizers.

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In order to solve the task of catching up in the next few years with the United States in the per capita production of meat, milk, and butter it is necessary to cut down sharply the expenditures of labor in livestock breeding. The level of mechanization of this branch of agriculture is still very low. Our scientists and engineers have not yet designed a system of machines for the mechanization of labor-absorbing operations in livestock farms and the production of feeds which would make it possible to raise sharply labor productivity in livestock breeding and in this way put an end to its lagging as compared with grain production.

At the same time practice shows that on the collective and state farms where the basic labor-absorbing operations in livestock breeding are mechanized and where the means of mechanization are utilized properly, expenditures of labor are sharply reduced. The best answer for these requirements is a complex mechanization of production operations where simultaneously the preparation and distribution of feeds, the supply of water and of water feeders for the cattle, milking and the first processing of milk, removal of manure and cleaning and washing cows are mechanized. This would raise labor productivity, improve the maintenance of the cows and increase their productivity.

Almost half of all labor expenditure on milk farms is spent on milking cows. In order to increase labor productivity here we should use more and more machine milking. Some time ago the All-Union Research Institute for the Mechanization of Agriculture designed a mechanized milking barn. However 100 units of such equipment produced in 1955 are used unsatisfactorily and in fact function only on five or six collective farms. The explanation of this is that the needed capital expenditures are considerable, while the economy obtained from such barns where cows are held on a tether is small.

We must design more than 170 kinds of machines and mechanisms for labor-absorbing operations in livestock breeding of different regions. At present only 60 kinds of machines and mechanisms are produced and the majority of them in terms of technical and economic characteristics do not answer the requirements of agriculture. For example, out of 26 newly designed machines for the mechanization of livestock breeding tested in 1956-1957 less than half were recommended for production.

The growth of labor productivity at the farms is lagging because of an insufficient water supply. The mechanization of water supply would free two men per hundred cows and would lower the cost per cubic meter of water on the average three times. In addition the organization of automatic water feeders would increase milk yields by ten to fifteen per cent. Sometime ago KShK-machines for digging "shaft" wells were designed which lower the expenditure of labor ten times as compared with digging by hand. But in 1957 their production was discontinued. Up to now the question of mechanized means of lifting water, especially for drill holes, has not yet been solved.

The livestock farms also greatly need good machines for the preparation of feeds. Our industry produces 34 kinds of machines for this purpose, but the majority of them are obsolete and their use does not result in great savings.

Mechanization of intrafarm transportation is also in its initial stages. Overhead conveyors and railroads on 16% of collective and state farm livestock farms in many cases are uneconomical. They should be replaced with more rational carriages with rubberized wheels which do not need rails and with horse- and tractor-drawn trailers with pneumatic tires supplied with an autodumping mechanism. For the removal of manure we need cable scraper mechanisms, scrubbers, and other types of equipment with mechanical and electrical driving gear.

Complex mechanization will make it possible to organize livestock breeding in which all production operations are electrified and automatization and heating of the farm buildings widely applied. This, in turn, will radically change the character of labor on such farms, will free many workers, will create better conditions for the maintenance of the animals, and in this way will insure a sharp increase of productivity.

Agricultural machine building workers must design a system of machines necessary for the production and preparation of roughage, a system which would take into account the natural and economic conditions of various regions of the country. This is one of the basic conditions for the improvement of livestock breeding.

In connection with the expansion of the area under silage crops, especially under corn, of great importance is an increase in the production of silage combines and carriers of various kinds for unloading silage from the towers and trenches and round pits and for the improvement of its quality. We must increase the production of machines necessary for brush and mound removal from meadows and pastures and for carrying out the simplest meliorative operations and also more economical machines for mowing grass and gathering hay, especially hay balers and pick-up balers and stackers.

All this shows that the sale of machines to the collective farms will result not only in an expansion of their production possibilities but also will require from machine builders the designing and production of new machines, including special machines. For example, collective farms of Azerbaidzhan need machines for cleaning canals and irrigation ditches, strong mowers of narrow swath placed in front of the tractor for the removal of weeds and brush from the canals, road shoulders, etc. The kolkhoz farmers of Georgia need an increased production of vineyard planting plows, land planes and graders. Machine operators of Byelorussia expect new meliorative machines. It is important that with such a system of machines for complex mechanization all operations are carried out in the best agronomical and zootechnical time, ensuring that the need for labor is minimal and that it is distributed evenly throughout the year, ensuring also an even load on means of power; it should make it possible to utilize local sources of energy and create an uninterrupted flow of it which would exclude or bring to a minimum stoppages while complex agricultural operations are proceeding. The machines should be durable, highly productive, convenient to use and at the same time inexpensive.

With the new methods of supplying collective farms with machines, evidently, they will abstain from the purchase of machines of new designs, especially if they are expensive, unless they are convinced of their advantages. In view of this it is advisable to send machines of new designs in complex groups to the regional agricultural fairs. At such fairs the members of the collective farms may see for themselves the advantages of the new machines and at the same time master their operation.

In different zones of the country the process of complex mechanization on the collective and state farms will proceed at different rates. Complex mechanization should be completed first of all in the Kuban and Stavropol regions where the technical level of production is the highest and where the largest farms are concentrated.

The complex mechanization of agricultural production under the new conditions of development of the collective farms will make the labor of those occupied in agriculture easier and will help the upsurge of the productive forces in agriculture and livestock breeding.

Z. Drugalyova, L. Zhukova,* and M. Fedotov:†

The Questions of Machine Building Specialization in an Economic Region

The overhauling of the system of management in industry and construction and the establishment of economic councils open new possibilities for better operative guidance of enterprises, for better utilization of their productive capacities. This will ensure the continued growth of the productive forces of our country. The first results of the work of industry under new conditions testify to the considerable advantages of the reorganized management structure. This may be seen from the example of the Chelyabinsk Economic Council which administers enterprises of one of the largest economic-administrative regions with highly developed branches of industry such as ferrous and non-ferrous metallurgy, coal, mining, chemical, machine building and building materials. This Economic Council guides 232 various enterprises of 11 branch administrations. The 1957 plan of gross products was fulfilled by 101.6%, while the volume of production increased 7% over the 1956 level. The increase of gross product in the Chelyabinsk economic-administrative region in the second half of 1957, as compared with the first half of the year, amounted to 4.4%. In the second half of 1957 enterprises of the Economic Council increased production, by comparison with the first half of 1957, by 98,000 tons of pig iron, 214,000 tons of steel and 123,000 tons of rolled steel. The operative guidance of the enterprises helped to improve the carrying out of the plan in respect to the assortment of goods and in respect to the plan of cooperative deliveries.

The territorial principle of industrial management creates conditions for the further development of specialization and cooperation which are economically efficient forms of the social organization of labor. Great specialization and expansion of cooperation play an important part in the machine building industry which is an especially complex branch of production.

In the Chelyabinsk economic-administrative region, just as in other Urals regions, machine building is one of the leading branches of industry. The share of machine building and metal manufacturing in the gross product of the whole industry in the economic regions of the Urals varies from 20 to 40%. High rates of development are characteristic of this branch. For example, in the Chelyabinsk region the number of machine building and metal manufacturing enterprises increased from 15 in 1927-28 to several hundred in 1958. The volume of production of all industry of the Chelyabinsk region in 1955 increased 5.7 times as compared with the 1940 level, but the volume in machine building and metal manufacturing increased 6.6 times.

During the five-year plans Urals machine building became a varied complex of branches capable of producing the most varied equipment for the needs of the national economy. The leading role here belongs to the branches producing equipment for metallurgy, mining, the chemical industry, and to road construction machines, heavy tractor production, power machine-building, etc. The Urals is a large supplier of forge work, stamping work, casting work and metal manufactures to other regions. For example, enterprises of the Chelyabinsk Economic Council supply casting, forging, and stamping products to 75 economic-administrative regions of the Union. The main specialization of Urals machine building — the production of metal products — is determined first of all by the existence of a powerful metallurgical base and the character of production of other branches of industry.

Thus the solution of questions of machine building specialization in the Chelyabinsk economic-administrative region should take into consideration as the starting point the complex development of the Urals economy, the best use of the local raw material resources and the role and place of machine building enterprises of the given region in the national economy of the country.

The method of planning by individual ministries and departments, existing before the last reform, resulted in the dispersion of production of similar products among different branches and among many enterprises. Machine building plants processed various kinds of goods which frequently did not correspond to their basic characteristics and had to have a fully developed structure of sections and services. Only few enterprises specialized in the production of standardized, unified and normalized goods, units, details and semi-finished goods. This resulted in a counter flow of freight, in long-distance haulage, and other irrational movements of freight.

Urals manufacturing of such mass products as metal goods, electrodes, fittings, standard cutting instruments, spare parts for mining equipment, castings, forgings, stampings, etc., is dispersed through many enterprises and frequently manufacture takes place in a semi-handicraft way, with an unjustifiably high expenditure of past and present labor. In view of this the Urals economic councils first of all began to liquidate such dispersion and create specialized production of details.

The metal-absorbing character of machine building industry products, in the production of which preparatory operations occupy a large role (by absorption of labor) gives a special place to the specialization of casting, forging and stamping sections and plants in the Urals. In the Chelyabinsk economic-administrative region large forging-stamping sections and specialized plants were established, such as the Chelyabinsk tractor plant, the Kirov machine building plant in Kopeisk, the Chelyabinsk forging-pressing plant, the Chebarkulsky plant, etc. 16.6% of all plant sections of the region, producing more than 10,000 tons of products a year, supply 86.7% of the total production of forgings and stampings.

Besides large sections there are also many middle-size and small sections. The table on the following page shows that 45% of the region's enterprises have forge sections

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*Of the Urals branch of the USSR Academy of Sciences.

†Of the Chelyabinsk Economic Council.

Forging and stamping in tons per year	Percentages		Part of stamping work in each group	Part of forge work of repair character in the total production of each group
	Number of enterprises	Volume of production of forgings and stampings		
From 50 to 150	16.6	0.2	15	72
From 151 to 500	28.7	0.9	15	65
From 501 to 1,000	16.6	1.3	34	53
From 1,001 to 5,000	14.3	3.8	31	35
From 5,001 to 10,000	7.2	7.1	88	10.9
Above 10,000	16.6	86.7		

making up to 500 forgings a day and produce a little more than one per cent of all forging and stamping in the region.

The small and middle-size sections make chiefly occasional forgings. Large and specialized forging-stamping sections are armed with highly productive equipment; means of complex mechanization are widely applied here. The share of stamping here exceeds 85%. Labor productivity in such sections is from three to five times greater than in the middle-size and small ones.

More than half of the production of the middle-size and small sections consists of forge work for repairs. Sections and parts of sections doing repair forge work are found mainly at ferrous and non-ferrous metallurgy plants, mine administrations, and mines. About 35% of their production is made of forging and stamping work for spare parts for mining equipment. Manufacturing of spare parts is not specialized even at the machine building plants. In the Chelyabinsk region spare parts for mining equipment are manufactured at eight plants, for excavators at six plants, for construction mechanisms also at six plants. The Magnitogorsk mining equipment plant makes spare parts of 470 different kinds for mining equipment, excavators, railroad cars, bulldozers and electric locomotives. The volume of production of such parts is not large. For example, out of 109 kinds of spare parts for the BU-2 drilling machine 99 of them are made only in 63 duplicates each a year and only ten of them are made in 2,800 duplicates each. Such a dispersion in the production of spare parts results in low technical-economic indices of forge section work. This raises the problem: how to specialize the production of spare parts and, correspondingly, the production of forging and stamping work for them.

At present the process of concentrating forging-stamping work consists mainly of concentrating this kind of production in large sections where the existing production capacities are better utilized.

Following the suggestions made by the special brigade formed at the Chelyabinsk Economic Council (1) it is planned to organize central forges at each group of industrial plants in the region. Here primarily such features of production homogeneity are taken into consideration as the method of processing metal by pressing, the weight, the configuration of the forgings and stampings and the number of units to be produced. As a rule, branch specialization is also taken into consideration: forges have to serve enterprises of kindred branches of production; this not only results in increasing the concentration of production, but also increases the scale of the forge and stamping work. As a result of an increase in the concentration and specialization of the forge and stamping work and better utilization of the available production capacities there is a possibility of increasing the production of forge and stamping work by 12,000 tons a year through a very small investment of 650,000 rubles.

At the same time it is planned to do away with small forge sections at a number of plants: at the Kolyushchenko plant, Strommashina, the Mechanical plant and the excavator-railroad car repairing plant.

Parallel to the work on the question of how to increase the concentration of forge and stamping work ways are being investigated for achieving specialization in the mass production of blanks and spare parts. For this purpose we try to determine the need not only of some particular group of industrial plants, but of the whole region and also take into consideration cooperative deliveries of such parts to other economic regions. For example, it is planned to specialize the manufacturing of instruments needed by chauffeurs, and of hooks and stamped cubes. Now chauffeurs' instruments are produced at six plants, though their production can be concentrated at one of them and this would result in considerable savings. At present, for example, the number of wrenches produced at the Kolyushchenko plant is only one-tenth of the production of wrenches at the Chelyabinsk tractor plant while the cost is twice as high as it is at the latter plant.

Based on the planned enlargement and specialization of the forge-stamping sections, suggestions are being prepared to establish economically efficient production ties in forge and stamping work. In the machine building of the Chelyabinsk economic-administrative region branches of mass and large scale products predominate and because of that the balance in respect to stamping is most favorable. The plan for 1958 foresees the production of more than 300,000 tons of stamping products of which about 97,300 tons (some 30% of the total) will be delivered to other regions and only 1,300 tons of stampings will be received from other regions.

In respect to the forge work the balance is more strained. The Chelyabinsk economic-administrative region received from other regions heavy pressing forge work and stamped cubes. The plants of this region need 62,400 tons of forge work of which only 31% is produced in the plants of the Chelyabinsk Economic Council, 50% comes from other Urals economic councils (mainly from Sverdlovsk), 4.5% from the central regions and 6.8% from the plants in Western Siberia and Middle Asia.

These unjustified interregional deliveries should be ended. Plants of the Chelyabinsk Economic Council send forgings in small quantities at long distances: 20,100 tons a year to the city of Klin, 3,500 tons to Krasnyi Textilshchik in Serpukhov, 5,400 tons to a cotton printing mill at Serpukhov, 16,500 tons to a cotton printing mill in Moscow, and so on.

At the same time the Chelyabinsk plant of weights and measures receives 20 tons of stamped plugs for metallic containers (the weight of each is 0.8 kg.) from the Komintern plant at Dnepropetrovsk and the Magnitogorsk crane plant receives 201 tons of stampings from the Podyemnik plant in Tashkent (the weight of each piece varying from 8 to 25 kg).

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(1) Three such brigades have been formed; their personnel consist of highly trained specialists from the Economic Council and from a number of plants. They draft suggestions concerning specialization of casting, forging-stamping and electrode sections and concerning the establishment of rational production connections among enterprises.

In deciding on the most rational cooperative deliveries the following facts were considered: the level of specialization in production of the forge and stamping work at the plants which make them, the radius of cooperative area to be served, the volume of deliveries, and how well developed the forge and stamping work is in the region of the plant which is the customer.

Certain suggestions also were worked out concerning an increase in the level of concentration and specialization of the foundry sections. The existing dispersion of foundry production (especially of sections and their subdivisions in non-ferrous metal foundries) is the main cause of the low technical level and the low productivity of labor connected with it. The organization of large foundry sections will make it possible to establish regional distributing centers which will serve a number of machine building plants. Just as in the case of improving forging-stamping sections not only were the plants of kindred branches of machine building studied, but also the foundry sections of individual industrial groups such as the Chelyabinsk, Magnitogorsk, Kusinsk, and other groups.

Thus, in the Chelyabinsk economic-administrative region the process of concentration of detail production by groups of plants is under way and also cooperation of groups of plants is being developed. The concentration of the foundry and forge-stamping work results in the abolition of small, unprofitable sections and their subdivisions and concentration of production mainly in large sections. This makes it possible to lower expenses of production in such sections through the application of the best technology, the mechanization not only of the basic operations, but also of the subsidiary ones (where the part of handwork has been especially great) and the best organization of labor. As a result of all these measures the general organization and order of production are being improved, the labor conditions have become better and inter- and intraregional production connections are being put in order. The concentration and specialization of these operations make it possible to increase sharply the production of casting, forging and stamping work, and this is very important for the Chelyabinsk economic region, the role of which will be increasing with the development of intraregional connections in the supply of details and similar goods.

The overhauling of the system of management made it possible to mobilize enormous reserves through the organization of specialized production of details (fastenings, electrodes, spare parts, and others) as a result of which there is greater use of highly productive equipment and production per worker rises from 50 to 100 per cent.

In 1957 electrodes were produced in the Chelyabinsk region mainly at 15 plants, of which 14 are under various administrations of the Economic Council. They are also produced at the Chelyabinsk metal construction plant of the Construction Ministry and at a number of other plants where small subdivisions of sections producing from five to ten tons a year are found. About 60% of the production of electrodes in the region is concentrated at the electrode section of the Magnitogorsk metal manufacturing and metallurgical plant producing 12,000 tons of them a year. Up to 90% of electrodes produced by this plant are sent beyond the boundaries of the Chelyabinsk economic region. In view of this the part of the Magnitogorsk metal manufacturing plant in the total balance of electrode consumption in the region is small. The level of concentration of electrode production which covered the local needs in 1957 is characterized by the data at the top of the following page.

The small scale of electrode production makes it impossible to mechanize the operations. As a rule they are made by hand. Only in the specialized section of the Magnitogorsk metal manufacturing and metallurgical plant are electrodes produced by the pressing method and all basic and subsidiary operations are mechanized. The absorption of labor in the production of one ton of electrodes at this plant may be seen from the second table on the following page.

At other plants labor expenditures are from two to three times higher. Thus, wage cost for the production of one ton of electrodes (trade mark TsM-7c, the diameter 6mm) in 1957 at the Chelyabinsk tractor plant was 115.5 rubles, at the Kolyushchenko plant in Chelyabinsk 126.9 rubles and at the Chelyabinsk autotrailer plant 153.6 rubles.

At first sight the balance of production and consumption of electrodes in the region appears favorable, but actually the demand for electrodes is not covered by local production. The plants of the Chelyabinsk Economic Council produce annually 19,000 tons of electrodes; of these 12,000 tons are delivered to the plants in other regions. At the same time 1,100 tons are brought from other regions. The annual need of the local plants in electrodes is about 10,000 tons.

According to the preliminary estimates of the Economic Council the plants of the Chelyabinsk region will be able to satisfy their need in electrodes through local production (with the exception of welded electrodes which in general are not produced in the region). The small shops are being closed. The production of electrodes is being concentrated in five plants of the three groups of industrial plants — the Magnitogorsk, Chelyabinsk, and Zlatoust. The production of electrodes at the Magnitogorsk metal manufacturing plant is being considerably expanded. Such specialization will make it possible to supply the machine building plants of the region with general purpose electrodes manufactured by machines and at the same time to ensure the supply of specialized electrodes.

Thus, already at the present stage of development of specialized machine building in the Chelyabinsk economic region, which is characterized by a considerable concentration of technologically similar processes and to a smaller degree by the concentration of production of technologically similar products, it becomes possible to utilize better production capacities of the plants and to reduce the capital investment in this branch of industry.

The most effective utilization of the advantages of high concentration and specialization in the production of details and other parts and the establishment of sections and plants specialized in production of details is closely connected with improvement in specialization in terms of objects. Yet in the Urals the production of technologically similar kinds of products (mining and lifting-transporting equipment, machines for road building, etc.) is dispersed intraregionally and interregionally. The application of the best forms of object specialization in machine building requires a careful study of the state of specialization of individual branches and plants, and, inside the plants, of sections and subdivisions of sections. In order to characterize the state of specialization of individual plants of a given branch of machine building we have to find out 1) the part of the basic product of the plants in its total production; 2) the quantity of various kinds of products made by each plant and how these kinds of products correspond to the branch of machine building under investigation; 3) the nomenclature, types and sizes of each kind of products made by the plant; 4) the production structure of the plant and whether it is worthwhile

Annual production of electrodes (in tons)	Number of plants	Annual volume of production (in tons)	Average output per plant (in tons)	Percentages	
				Number of plants	Volume of production
100 or less	4	151	38	28.5	1.5
from 101 to 500	4	973	249	28.5	10.2
from 501 to 1,000	2	1,572	786	14.5	16.5
Above 1,000	4	6,620	1,655	28.5	71.8
Total	14	9,316	680	100.0	100.0

Expenses	Trade marks and diameter of the electrodes								
	OMM -5			TsM-7			TsM - 7c		
	4mm	5mm	6mm	4mm	5mm	6mm	4mm	5mm	6mm
Hours of labor required according to standards	27.6	24.1	23.8	26.6	25.4	24.8	28.2	25.8	25.8
Basic production wage cost in rubles	73.66	63.97	62.99	70.58	64.46	65.72	74.8	65.57	66.43

for the section and for the whole plant to specialize in the production of certain kinds of articles produced by the plant; 5) the production of the same articles by several plants of a given branch of machine building and the possibility of concentrating their production in one or two plants for better use of the production capacities of these plants.

A study of the specialization of plants by branches will also make it possible to determine the general economic indices which objectively reflect the level of specialization in a given branch and in the complex of machine building branches of a given region: 1) the part of the basic products in the gross product of the whole branch and 2) the part of the plants which have progressive forms of specialization in the total production of the branch.

In the Chelyabinsk economic region the production of road building machines, concentrated in six plants, is the leading branch of machine building. Crushing and grinding equipment is produced in four plants, equipment for the plants of the construction industry in three plants and equipment for the plants of the building material industry in two plants. The share of the basic kinds of products in the total production of these plants for the market in 1956 was characterized by the data (in percentages) in the table at the bottom of this page.

Judging by the part played by the basic products and the number of basic kinds of manufactured articles the best specialized plants are the Kolyushchenko plant and the Strommashina plant in Kopeisk and the least specialized — the Katav-Ivanov foundry-mechanical plant. Beside various kinds of casting, forging, and stamping work and the production of rolled spheres in 1956 it manufactured hauling windlasses, plate bending rollers, and other equipment. The Strommashina plant in Chelyabinsk, the Kalinin plant in Nyaze-Petrovsk and the Kusinsk building machinery plant make from three to four kinds of basic products. At the same time the Strommashina plant in Chelyabinsk makes 24 articles of various types and sizes, the Nyaze-Petrovsk ten and Kusinsk plant five. The Kusinsk building machinery plant is more specialized.

On the basis of the complex analysis of the state of plants in a given branch of machine building (the nomenclature of

	Kolyushchenko plant at Chelyabinsk	Strommashina plant at Chelyabinsk	Kalinin plant at Nyaze-Petrovsk	Kusinsk building machinery plant	Strommashina plant at Kopeisk	Katav-Ivanov foundry-mechanical plant
Equipment for the plants of heavy industry	-	48.0	9.5	62.2	-	-
Spare parts for such equipment	-	-	10.2	3.7	-	-
Equipment for the plants of building materials industry	-	3.8	-	-	93.0	14,1
Crushing and grinding equipment	-	37.0	42.5	24.0	-	2.3
Road machine building production	-	-	24.8	-	-	-
Castings	93.0	-	-	-	-	39.3
Forging and stamping work	-	-	-	-	-	15.4
Total	93.0	88.8	87.0	89.9	93.0	71.1

the articles produced, the structure of sections, production capacities, profitability of the articles produced) it is possible to recommend the concentration of production of similar articles only at one or two plants. For example, it is advisable to concentrate the production of pumps at the Kusinsk building machinery plant, ending their production at the Kalinin plant at Nyaze-Petrovsk, which should have as its specialization the production of crushing-sorting installations, screening machines, jaw crushers, dredge sand washers and aggregates for the grinding of limestone. It would be better to concentrate the manufacturing of hammer crushers at the Kusinsk building machinery plant. Such an analysis of the machine building branches of the region, especially of the leading ones, would help to distribute the production of smaller products by individual plants and branches more efficiently.

Of course, these suggestions for the improvement of the object specialization within the boundaries of one economic region must be carefully analyzed by the State Planning Commission of the RSFSR which should consider economically the most effective forms of specialization and cooperation in machine building primarily of the Urals economic regions as a whole.

The question must also be solved concerning the advisability of developing a particular branch of machine building in some particular economic-administrative region of the Urals. Here we should take into consideration the economic needs of the given region, its supply of raw materials and the degree of development of kindred production branches. In other words, we must develop those branches which have the smallest expenses of production. Now the machine building administrations of the economic council not infrequently control plants, the technological profiles of which are dissimilar. The territorial concentration of the main plants and enterprises of kindred production is important also because in administration based on the territorial principle it is possible to unite similar plants in corresponding branch administration. This will make it possible to specialize more fully machine building inside each economic administrative region, to determine better the specialization of groups of industrial enterprises in the production of spare parts, details, etc.

In the task of coordination for the development of specialization in the production of details and spare parts the part played the the USSR State Planning Commission and by the RSFSR State Planning Commission must be especially great.

The application of highly productive tools of labor in specialized plants and the manufacture of products with the least expenses increases the radius of cooperation which is economically advantageous. This makes it possible to concentrate the manufacturing of products for the satisfaction of the needs of a number of economic-administrative regions. In view of this, in preparing perspective plans for the development of machine building, the interregional division of social labor inside such complex regions as the Urals should be made more precise. For the Urals the concentration of developed metallurgy, the chemical and lumber industry is characteristic and because of that a close connection may be established between machine building and these industries (the application of periodical steel rolling, the replacement of metal details with plastic materials, etc.). Thus conditions will be obtained for the creation of a regional complex of adjacent branches of production. The kind and the purpose of the specialized production of details must be determined by the structure of machine building as well as by the territorial proximity of the plants to the main plants and by the supply of raw materials in a given region.

The weak development of specialization in the production of details is explained first of all by the fact that until recently departmental barriers were in existence; the ministries were not interested in the establishment of such specialized plants. Such departmental tendencies may reappear even now because each economic council aims to ensure primarily the needs of the enterprises of its region for instruments, electrodes, metal manufactures, etc.

We believe that it would be wrong to establish the production of such details and spare parts on the basis of the demand of each region even if there is a large-scale need for such articles, details, and blanks. For example, manufacturing of rolled spheres is dispersed through the Sverdlovsk and Chelyabinsk economic regions. In the plants of the Sverdlovsk Economic Council the spheres are produced at six forge sections on free forging hammers. A suggestion was made to start their production by a new, better method of rolling using for this purpose the sphere-rollin mill of the Novotagilsk metallurgical combine where such a mill has been standing idle for quite a time. For the rolling of a spher of greater diameter (from 80 to 125 mm) the installation of a second, more powerful mill is needed. At the same time the sphere-rolling mill of the Katav-Ivanovsk casting-mechanical plant of the Chelyabinsk Economic Council (for spheres of 40 to 80 mm diameter) works only at half of its capacity. It produces 1,284 kg of products per hour while its rated capacity is 2,800 kg. A mill which is designed for the production of spheres with diameters from 80 to 125 mm is available at the same plant, though it has not yet been installed. In view of this a joint decision not only of the Sverdlovsk and Chelyabinsk Economic Councils, but also of the councils of other economic regions of the Urals is necessary for the solution of the question of how to utilize the available sphere-rolling mills and where it would be most rational to install them, considering the demand for metal and its availability.

A rational solution of the question concerning the development of detail specialization in terms of branches in the Urals economic regions as a whole is possible only if the needs for the products of machine building in the rapidly growing large economic regions of Western and Eastern Siberia as well as of Middle Asia are considered.

Enterprises of the Urals economic councils have a shortage of large unique forge works and steel castings. Because of this the directive of the 20th Congress of the CPSU concerning the construction of specialized plants for making forge and casting work is of exceptional importance for the growth of all branches of Urals industry.

Considerable improvement in specialization and cooperatio in the machine building of individual economic regions of the US requires coordination on the part of the central planning organs Suggestions of the economic councils concerning the developme of specialization in termsof details and articles must be mutually tied in in the seven-year plan for the development of the USSR national economy for 1959-1965, now in preparation.

The plans for the construction and reconstruction of plants and sections, prepared some time ago, many of which were approved by the now abolished ministries and departments, did not reflect the possibilities of developing economically effective forms of specialization. The volume of production envisaged in such plans was artificially limited because of the isolation of the departments from each other, and this made difficult the application of up-to-date technology and raised the cost of production.

Plans have been worked out for the construction and reconstruction of many forge sections in the Chelyabinsk economic-administrative region, including sections with an annual volume of forge work up to 500 tons. For example, the designing organization Lenpromenergomontazh as early as 1955 worked out a plan for the construction of a forge section of the Troitsk electromechanical plant. This plan foresaw one shift for the section and only 200 tons of forge work a year. It also foresaw certainly too low technical-economic coefficients for the work of such a section: 85 man hours per ton of forge work and 13.3 tons as the annual volume of production per worker. Simultaneously with the construction of the forge section at this plant at Troitsk two other small sections were built for the satisfaction of the plant's own needs.

Foundry sections, as a rule, were designed for the production of all kinds of foundry work and for servicing the plant's own needs. As the designing institutes had no close connections with the plans and the construction of the sections was behind the schedule, the plans frequently became obsolete long before their realization. In view of this the plants were compelled to make numerous changes in the plans and this further increased capital expenditures. Model blueprints for foundries and foundry-stamping sections did not exist.

With the territorial management of industry blueprints for the construction and reconstruction of the machine building plants and sections worked out on the basis of the targets given by the perspective plans must foresee a wide application of up-to-date forms of production specialization which take into consideration a rational solution of the questions connected with specialization in the production of articles and details in terms of large economic regions of the USSR.

Working out important problems of machine building in the Urals and in particular the designing and application of up-to-date technology is closely connected with the activity of the existing, and establishment of new, research institutes and strengthening the plant laboratories. We have very few such institutions in the Urals and the study of many problems will have to continue to be done at the center. Here cases are not infrequent when the same theme is being studied in two or more institutions. For example, in Moscow three institutes are preoccupied with research concerning the construction of heavy excavators: the All-Union Research Institute of Lifting-Transporting Machine Building the All-Union Research Institute of Road-Building Machinery and the Kuibyshev Engineering Construction Institute. The Sverdlovsk branch of the Central Research Institute on Transport Machinery is planning the organization of a laboratory for the construction of heavy excavators. We must end this waste of efforts by several research institutions and increase the number of designing-technological institutes in the Urals, bringing them closer to the main enterprises and specialized industrial plant groups.

The development of specialization is closely connected with bringing better order into price formation, especially for the products needed for cooperative delivery. Experience shows that prices established by the now defunct ministries and departments frequently differed for the same kinds of foundry, forge, and stamping work and details. Under the territorial system of industrial management and with the development of wide cooperation of plants of different machine building branches it is very important to establish a single justified price for the same kind of product. The State Planning Commission of the USSR should start to organize and guide this important work in the economic councils and attract for this work economists, staff members of the research institutes, and workers from the plants.

G. Kaganov:

The Action of the Law of Monetary Circulation under Socialism(1)

Up to now in our economic literature the question of Marx's formula for the amount of money needed for circulation under the socialist mode of production has not been sufficiently examined.

It is well known that Marx considered that the law of monetary circulation which he formulated had universal application, (2), even though it was based on an analysis of simple commodity circulation. Of course, with the spontaneous action of economic laws under capitalism, planning the amount of money necessary for circulation is impossible. Under socialism mastering the law of monetary circulation and its practical application are not only possible but objectively necessary. Revealing the action of this law in theory and in practice is of primary importance for the planning and regulation of monetary circulation in order to establish the proper ratio between the amount of money in circulation and the need of trade channels for cash.

In its simplest form Marx's formula establishes that the amount of money necessary for circulation is determined by the sum of the commodity prices divided by the velocity of money circulation for money of the same denomination. This formula is given by Marx in his analysis of the functions of money as the means of circulation. With the development of commodity circulation and the use of money as a means of payment the formulation of the law of monetary circulation becomes more complex. The function of money as a means of payment is introduced into the numerator and the coefficient of the velocity of money is expressed in terms of money as a means of circulation as well as a means of payment.

Considering the law of monetary circulation we must first of all clear up the question: what should be understood by the sum of commodity prices and payments which determine the numerator?

Z. Atlas considers that Marx's formula for the amount of money is applied only to the money necessary for commodity circulation.(3) As to the processes of redistribution of monetary incomes and accumulations through the mechanism of taxes and through the credit system, served by the function of money as a means of payment, in the opinion of Comrade Atlas they do not influence the total mass of money necessary for commodity circulation up to that moment when a real accumulation takes place, that is, when the expansion of the scale of production and circulation takes place. At the same time Z. Atlas considers that this formula should not include the amount of wages paid in the sphere of production as well as in the nonproduction sphere.(4) At this point in his discussion he switches from simple commodity production, on the basis of which Marx formulated his law of monetary circulation, directly to the socialist mode of production, without any analysis as to how Marx's formula, obtained under conditions of capitalism, should be changed.

The capitalist mode of production is characterized by the fact that a new specific commodity, labor power, appears on the market. The labor market, according to Marx's expression, is a special subdivision of the commodity market. Payment for labor power, just as for any other commodity, requires a certain amount of money in its function as a means of payment.

Examining in Volume II of "Capital" the exchange of the social product between Departments I and II by means of circulation, Marx, just as in the case of simple commodity production, finds the amount of money necessary for the circulation of commodity values. Speaking of the process of exchange between the two departments he states that the exchange takes place in the following way:

1) Department I pays 1,000 pounds sterling in money for labor power; consequently, the commodity = 1,000 pounds sterling.

2) The workers for the sum of their wages, 1,000 pounds, buy means of consumption from Department II; consequently, the commodity = 1,000 pounds sterling, etc.(5)

Repeatedly Marx pointed out the dependence of the amount of money necessary for circulation upon the amount of wages paid. Touching in another place upon the question of exchang between the departments of social production through the means of money Marx emphasizes that "Monetary capital transformed into variable capital, that is, money advanced for wages, plays the main part in monetary circulation itself..." and, further, "The variable capital must be simultaneously advanced in money after certain short periods, for example, every week, etc., after relatively quickly repeating intervals of time (and the shorter these intervals, the smaller — relatively — the whole sum of money thrown each time through this channel into circulation). Advanced in this manner, monetary capital in all capitalist countries composes a relatively decisive part of the whole circulation, the more so because these very means, before they return to the point of departure, penetrate the most varied channels and functio as means of circulation in an endless number of other operations."(6)

Thus the payment of money in the form of wages has, according to Marx, a relatively decisive importance for monetary circulation and, of course, for determining the amount of money necessary for circulation. Before fulfilling their function as means of circulation, for example, in purchases by the workers of means of consumption, money must fulfill its function as a means of payment when wages are paid.

It may be said: but no one denies that the payment of wages requires money; yet the money needed to pay wages is also necessary for serving the trade turnover. Because of that one cannot count money twice: the first time as money necessary to pay wages and the second time as mone necessary for the realization of workers' incomes.

That is exactly Z. Atlas' argument in defense of his position when he criticizes the formula for calculating the amoun of money necessary for circulation advanced by G. Kozlov. Z. Atlas emphasizes that payments of wages are served by money which at the same time serves another basic functio of money: serving the sphere of commodity circulation in the intervals between turnovers in this sphere. Comrade Atlas declares that "all these functions of money (in particula the payment of wages.—G. K.) find reflection in the velocity of money in the sphere of commodity circulation."(7) Hence he comes to the conclusion that such payments as wages should not be included in the amount of money necessary for circulation.

Z. Atlas does not take into consideration that before fulfilling its function as the means of circulation, that is, serving the purchase of commodities, money should play its role as the means of payment in the payment of wages, and not the reverse. In our opinion he confuses the question of whether the same money functions in the payment of wages to workers and in their purchase of means of consumption with the question of the inclusion of wages in Marx's formula.

If we turn to the example given by Marx in Volume II of "Capital" when he examined the exchange between Departments I and II through money, we may establish the following: the capitalists of Department I pay to the workers 1,000 pounds sterling; workers for their wages of 1,000 pounds buy consumption goods from the capitalists of Department II (or from the merchants). Abstracting ourselves from the periods of wage payments and the periodicity of workers' purchases of consumption goods, we shall obtain a sum of commodity prices equal to 2,000 pounds sterling and a velocity of money equal to two, that is, the amount of money which served this turnover was equal to 1,000 pounds sterling. Here really the same money served as the payment of wages and for purchase of goods and we counted it once (1,000 pounds sterling); yet the wages were not excluded from the formula.

If we follow Z. Atlas and exclude them, the question arises: what about the velocity of money? Should we consider it equal to one?

Actually Z. Atlas suggests exactly this, saying that "all these acts of money find reflection in the velocity of money circulation in the sphere of commodity circulation."

If we accept his suggestion, at first sight, nothing is changed. The amount of money needed for circulation remains 1,000 pounds sterling (the sum of workers' purchases of consumption goods, that is, the trade turnover equal to 1,000 pounds divided by the number of money turnovers equal to one). If we assume, as Marx did, that the capitalists of Department I pay wages four times a year, then for circulation (to pay wages and for the purchase of consumption goods by workers) 250 pounds would be necessary rather than 1,000 pounds: the velocity of money in the circulation of money as the means of payment, that is in the payment of wages, would increase, and this would diminish the need for money. Would the circulation of commodities then increase and, consequently, the circulation of money as the means of payment? Not necessarily so.

The necessity to include under our conditions in the numerator of the formula not only wages and payments for labor-days on the collective farms, but also such payments as pensions, benefits, etc. follows from the very fact that the circulation of money in its function as the means of payment has its own velocity, sometimes independent of the ensuing velocity of circulation of money in its function as means of commodity circulation.

Under socialism the labor force is not a commodity. But in the payment of wages to the workers money fulfills its function as the means of payment and the velocity of its circulation in this function has an independent meaning which depends first of all upon the periods of wage payments. In a socialist society money also fulfills the function of means of payment in payment for the labor of kolkhoz members, in payments of pensions, benefits, scholarships, etc.

The velocity of money in spending by pensioners as well as in the purchase of goods may be the same. But the velocity of money as the means of payment in paying pensions (once a month) and wages (twice a month) is different and, if other conditions are equal, would necessitate a different quantity of money in circulation.

No doubt, a connection exists between the velocity of money as the means of circulation and money as the means of payment. Shorter periods between payments of wages may result in a change of periods between purchases of goods by the people in the commercial network and this would mean increasing the velocity of money as the means of circulation. But this is only a possibility.

All that was said above concerns factors determining the velocity of money and so first of all has a relation to the denominator of the formula expressing the law of money circulation. However what was said is also of importance for the correct understanding of the numerator of the formula.

Z. Atlas considers that such payments as payments of taxes should not be included in the formula determining the amount of money needed for circulation. He bases this view on the fact that in such case money as the means of payment is not directly connected with the circulation of goods. In his support he quotes a well-known statement by Marx that the mass of money necessary on certain days of the year for payments dispersed throughout the country (taxes, rents, etc.) causes periodical, but only superficial perturbations in the economy of the means of payment.(8) But Marx's remark and the example given by him show just the contrary, namely, the necessity to include the payment of taxes and rents in the denominator of the formula. Marx directly points out here the need for a certain mass of money to pay taxes and rents. The circumstance that a given mass of money has only a superficial influence on the means of payment economy is connected with the velocity of money in these payments. Speaking of payments which do not result directly from commodity circulation and citing Fullarton, Marx points out: "Though the average number of bank notes actually circulating in Scotland does not reach even three million pounds sterling, nevertheless on the days of the year when certain payments are made all bank notes in the hands of the bankers — that is, about seven million pounds — are used. In this case the bank notes fulfill only one, single specific function and, once this function is fulfilled, flow back to the banks which issued them." And then Marx adds: "To clear up the point we should add that at the time of publication of Fullarton's work withdrawals from deposits in Scotland were made only in bank notes; no checks were used."(9)

This explanation of Marx is especially important for the understanding of the question examined here. It is true that if payments were made by checks and not by bank notes, the Scottish bankers would not need to use their reserve of bank notes even for a short period.

Thus we may conclude that in determining the amount of money necessary for circulation we should include in the numerator of the formula all transactions in which money fulfills its function as means of circulation and means of payment. Of course, all payments cancelling each other (under our conditions transactions in which cash must not be used) should be excluded from the numerator of the formula. In this way we recognize the fact of the economizing of cash as the means of payment.

G. Kozlov, in his polemics with Z. Atlas, expands Marx's formula. He includes in the numerator of the formula, beside commodity transactions, also wages and money payments to the kolkhoz members for their labor-days. We may conclude that Comrade Kozlov considers that payments of pensions, payment of taxes with cash, etc., evidently should be included in the formula. From this one may conclude that G. Kozlov does not limit his formula for the determination of the amount of money necessary for circulation to the needs of retail commodity turnover, as is done by Z. Atlas. Yet actually, in our opinion, Comrade Kozlov's point of view, at least on a theoretical plane, differs very little from that of Comrade Z. Atlas.

In fact, what are the reasons brought forth by G. Kozlov for the necessity of including in the formula's numerator such payments as wages and payments for kolkhoz members' labor-days? His reasons are exclusively practical. He considers that the formula inferred by Marx is too general, that the velocity of money circulation can be determined only in separate channels of monetary circulation. Only after calculating the velocity of money in each monetary channel and determing the amount of money moving in a given channel may one obtain the average velocity of circulation for the whole mass of money. The numerator of the average velocity of circulation of the whole mass of money, according to G. Kozlov, is obtained through the summation of the balances of money in each channel and by relating the sum of these balances to the sum of commodity prices.

By calculating the amount of money necessary for circulation on the basis of calculating the money balances in each channel, G. Kozlov determines the total mass of money — 33 billion rubles. This sum he obtains for the general volume of unrecurring payments' turnover of 870 billion rubles in the money channels.

He does not calculate the average velocity of money in all monetary channels, which equals 26.4 per year. He compares the mass of money in circulation only with one of the money channels — with commodity turnover — the sum of which he assumes as 330 billion rubles and thus obtains the average velocity of money as equal to ten.

Yet, if we apply Marx's formula correctly, that is, if we take into consideration the turnover not only of that money which serves trade turnover directly, but the whole reproduction of the social product, the average velocity of money in the example constructed by G. Kozlov would amount not to 10, but to 26.4. This means that actually money is circulating in the economy 2.6 times faster than the figure obtained through a comparison of the mass of money in circulation with the commodity turnover.

One should consider the determination of the amount of money in separate channels of money circulation as a purely technical device. We consider that the method of studying the velocity of money circulation in separate money channels and in this way determining the amount of money necessary for circulation is correct. It has an important practical application and to a certain degree is actually applied. This method was suggested some time ago by F. I. Mikhalevsky.(10) But we should remember that the practical significance of this method should be based on a correct theoretical understanding of Marx's formula. Each monetary channel takes a certain place in the process of reproduction of the social product, in its distribution and redistribution. And the method of calculating the amount of money in circulation on the basis of studying separate monetary channels is connected with the fulfillment by money of functions of means of circulation and means of payment at various stages of reproduction.

In connection with the determination of the formula's numerator we have now to consider one more question. It was noted above that the numerator of the formula should include all transactions in which money fulfills the functions of means of payments and means of circulation.

Should we include here such transactions as the payment of money by the banks to enterprises and organizations for the payment of wages, transactions consisting of depositing daily receipts into the bank by trade organizations, paying out and receiving deposits by the savings banks to the population, payments and receipts for letters of credit, transactions of post offices in respect to remittances of money? G. Kozlov correctly points out that if we could photograph at each particular moment the distribution of the mass of money in the national economy, we would find in the tills of enterprises and organizations certain amounts of money; these are wages which have not yet been paid out, the pensions not yet paid out, unpaid remittances and (we would add) the daily receipts of the trade establishments which have not yet been deposited with the banks, and so on. All these amounts are known in practice, an overwhelming part of such balances of industries and institutions is known through the means of direct control and is considered to be part of the circulating mass of money. It is also known that the source of these balances is channels of money passing through the tills of the enterprises and organizations, the volume of which helps determine the size of the balances in the tills.

The balances of money in the tills of enterprises and organizations together with the balances of money in the hands of the population form the mass of money in circulation. This is not a repetition of the balances of money in the hands of the population, though between the two there is a close connection and interdependence.

G. Kozlov considers the balances of money in the tills of enterprises and organizations as a part of the mass of money necessary for circulation and takes into consideration only the fact that so far as the money is in the tills of enterprises, it, naturally, cannot be at that moment anywhere else.(11) But what is the economic significance of the balances of money in the tills of organizations and what is their connection with the circulation of money as means of circulation and means of payment?

Marx shows that in the process of functioning of money capital one part of it settles down as a reserve for means of purchasing and paying. The size of this reserve depends, first of all, upon the size of the money capital and the velocity of its turnover. Speeding up or slowing down the turnover of the money capital determines correspondingly the increase or decrease of the velocity of money and, consequently, if other conditions are equal, the decrease or increase of the reserve of purchasing and paying means. But this reserve is only a part of the functioning money capital: the very formation of the reserve is caused by the fact that parts of the money reserve are functioning one after another at different periods and that is why a certain interval passes between the receipt of money and its spending in the process of reproduction. Changes in the technique of money circulation (the emergence of credit) increase the velocity of money though the period or reproduction of capital may remain the same. This cuts down the general reserve of means of purchase and payment necessary to serve the process of reproduction. As a result the formation of the larger part of the reserve of means of purchase and payment does not require cash and the reserve for this part exists without cash. A smaller part of the reserve functions as a cash balance in the tills of industries, commercial and other establishments.

The turnover of the money capital is expressed in the circulation of cash first of all in the form of wage payments and purchases of means of consumption. Consequently, the size of the cash balances in the tills of enterprises, given the velocity of money circulation, depends upon the size of the wage payments and the purchases of means of consumption. In order to pay wages enterprises withdraw money from the banks, that is, transform the reserve of means of payment which is at their disposal, but not in cash form (on deposit with the banks), into cash (in the tills of enterprises). Thus a change of location of means of payment takes place, but no payments.

The process is the same in the trade establishments. The money received for a commodity is transformed from cash in the till of the establishments into deposits with the banks. In both cases money represents a reserve of purchasing and paying means (for payments to wholesale organizations and to the workers occupied in trade).

Thus, though the size of the money turnover which passes through the tills of enterprises is determined by the volume of wages to be paid, yet the turnover of cash from the bank balances for this purpose should not be included in the numerator of the formula for determining the amount of money necessary for circulation. The same conclusion should be made for the turnover when the trade establishments deposit their daily receipts into the bank. At the same time it is necessary to recognize that the passage of money through the tills of enterprises leaves its traces in the form of more or less constant cash balances which are part of the general mass of money in circulation. This is necessary because, using Z. Atlas's expression, money functions here in two qualities. Its more or less short stay in the tills of the enterprises only lengthens the road which it has to pass in its turnover.

One can imagine, for example, the case in which wages of enterprises are paid by the banks and money for the purchased goods is accepted from the purchasers by the bank (something of this kind does exist in practice: we have in view the existence of branches of the State Bank at some organizations and the receipt of rent by the branches of the Public Utilities Banks). In such cases money would fulfill its function as means of payment and purchase directly through its transfer from one account of the bank to another. Its road would be shortened. We would have a situation about which Marx wrote: "...That mass of money capital with which money dealers operate is the money capital of merchants and industrialists which is in circulation... Operations carried out by them are only operations of those whom they serve." But Marx here also paid attention to the fact that beside the banks, money also circulates through the tills of enterprises. "Part of the technical operations connected with money circulation has to be carried out by the merchants and producers of goods themselves."(12)

Consequently, the formation of balances of money in the tills of enterprises should be considered not as a special metamorphosis, but as a factor influencing the velocity of money as means of purchasing and payment.

In practice under conditions of a planned socialist economy it is possible to determine the size of the balances in the tills of enterprises outside of the general formula for the amount of money necessary for circulation. The cash balances in the tills of socialist enterprises are limited by certain regulations. These regulations determine these balances by means of the schedule and method of depositing daily receipts at the bank, by the size of the urgent payments and distance of the enterprise from the bank. For commercial stores the limits of cash balances at the end of the day frequently have no direct relation to the amount of their business turnover: the stores have to deliver their daily receipts to the bank collectors at the end of the business day and are allowed to keep in their tills only an insignificant amount of money as change for the next day.

In our opinion the formula for the amount of money necessary for circulation should exclude the turnover of cash and letters of credit operations in the savings banks and postal remittances of individual citizens. These operations influence the amount of money which is in circulation in the same way as credit in general: they accelerate the circulation of money and in this way contribute to the economizing of money as means of payment and means of circulation. Consequently their significance should be considered only in connection with the denominator of the formula — with the velocity of money.

Let us now consider factors determining the velocity of money. The calculation of the actual velocity of money as a ratio between the total volume of the turnover of money in its function as means of purchase and payment during a certain period of time and the average amount of money in circulation during the same period, in general, does not present great difficulties. Such calculations are necessary in order to observe quantitative changes in the velocity of money over a year or several years. However, the determination of the velocity of money by this method does not answer a number of questions, such as: what causes the observed increase or decrease of the velocity of money? Was the decrease in the velocity caused by the formation of money accumulations or, on the contrary, by its spending? Without answers to these questions — and they can be obtained only through an analysis of circulation in separate channels — it is impossible to examine the actions of the law of money circulation during a certain period and to determine what amount of money in circulation would correspond to the need of the turnover at a certain moment or during a planned period.

All that has been said above is also of great importance for the comparison of the velocity of money in various countries. Having indexes of the volume of the turnover of money in its function as a means of payment and circulation and the amount of money in circulation we may determine the velocity of money circulation in a given country. But if we do not consider individual factors determining the velocity of money we cannot advance beyond general statements concerning the causes of differences in the velocity of money in different countries.

Here we must find out which monetary channels should be our starting points for the examination and calculation of the velocity of money. If, borrowing G. Kozlov's example, we accept the channel of wages and other payments to manual workers and office workers in the amount of 240 billion rubles a year, then, assuming that they spend it all for the purchase of goods, we obtain the second money channel: spending money as the means of purchase to the same amount — 240 billion rubles. This is not different money; it is the same money first paid out to the manual workers and office workers as income and spent by them for the purchase of goods. For paying out incomes and purchasing goods with these incomes 240 billion rubles were necessary. But how large a proportion of this sum should be on the average in circulation annually, would depend, on the one hand, upon the structure of the money incomes of the manual workers and office workers and the periods of payments of these incomes and, on the other, the structure of expenditures and their periods. In view of this the calculation of the velocity of money in our case should be made, not for each money channel in isolation, but in their mutual connection. This statement is not in contradiction to the statement that factors determining the velocity of money involved in receiving incomes and spending them may be independent of each other and may change without mutual connection. If the period of wage payment remains the same, say, each two weeks, the velocity of spending money may become slower, for example, if in the expenses of manual workers and office workers the share of durable goods is increasing, because their acquisition requires first the accumulation of money.

The starting point in calculating the velocity of money should be, in our opinion, incomes received by the population, because they form the channel through which the money enters circulation. In this way the money necessary for the circulation of goods is advanced. Moreover the volume of incomes of the population, other conditions being equal, determines the possible volume of goods purchases.(13)

In the socialist economy the sources of income of the population are payments by the state and cooperative enterprises and organizations. The size of these incomes is seen from the balance of the money incomes for the past year and expenditures of the population and for the planned period ahead as estimated in the planned balance. The turnover of these incomes (their receipt and expenditure) with the velocity appropriate for each channel determines the overwhelming part of the circulating mass of money.

Beside incomes received by the population from the socialist enterprises and organizations, there are incomes the source of which is the sale of goods and the rendering of services by various groups of the population to each other. Though these incomes, under conditions of the socialist economy, have a limited and subordinate role, their circulation increases the mass of money in circulation.

The fact that a manual worker or office worker purchases a commodity in a kolkhoz market instead of buying it at a state store, other conditions being equal, does not change in any way the amount of money necessary for the circulation of the incomes of the manual workers and office workers. But their expenditure on the market is the income of a kolkhoz member. Money here will pass an additional section of the road of circulation and will settle down for a certain time in the kolkhoz member's home. If we take into consideration the fact that the velocity of money in the peasant economy is slower than that of the manual workers and office workers then, beside the longer road which the money travels before it returns to the channels of state and cooperative trade through the purchase of goods by the kolkhoz member, the factor of slower money circulation in the peasant economy should also be taken into consideration.

We believe that G. Kozlov made a mistake when he considered the question of the formation of money balances in the retail turnover. Thus, introducing into his analysis of separate money channels the sales transactions by kolkhoz members of their products at the kolkhoz market, Kozlov assumes that the money necessary for these transactions — three billion rubles — is formed through the decrease of the balances of money held by the manual workers and office workers. By the way, Kozlov also wrongly reduces the cash balances of the manual workers and office workers by one billion, introducing a channel of payments in terms of enterprises and institutions.(14) As a result of all this he accepts 16 billion rubles as the necessary cash balances for the circulation of incomes of manual workers, office workers, and kolkhoz members and also for the circulation of money through the tills of enterprises and institutions, when this figure should be 20 billion on the basis of figures in his example. Explaining why he came to such a result, G. Kozlov emphasizes: "We considered that the money necessary for circulation in this market (and this corresponds to the actual situation) is obtained through the reduction of the cash balances of the manual workers and office workers."(15)

Let us consider the money channels given in his calculations (in billions of rubles—see table below).

The average velocity of money in these channels is equal in Kozlov's example to 31.9, when actually it should be 25.4.

The mistake made by G. Kozlov resulted not only in an incorrect calculation of the amount of money necessary for circulation, but also in an incorrect figure for the index of the velocity of money.

Let us see now what an index of the velocity of money does express for the incomes received by the population and for their spending taken in mutual connection. Let us assume that the wage fund paid in cash by industrial enterprises amounts to 4.5 billion rubles a month and is paid twice a month. Let us further assume that the manual workers and office workers spend their whole wage during the month for the purchase of consumption goods and spend it at an equal rate. Let us assume also that the commercial establishments, in turn, pay the industrial enterprises for the consumption goods they receive each two weeks and on the same days on which wages are paid. Then, abstracting ourselves from the existence of banks in which both kinds of establishments keep their cash, we obtain the following picture of money circulation in the channels of wages and commodity turnover.

The volume of turnover in which money fulfills its function of means of payment and means of purchase is equal to nine million rubles a month (wages 4.5 million rubles plus purchases of goods 4.5 million rubles).

The average amount of money in circulation is 2,250,000 rubles, of which 1,125,000 rubles is in the wage channel and 1,125,000 rubles is in the commodity turnover channel. The velocity of money is a) in respect to the total amount of money circulation per month — 4 (9,000:2,250) and b) in the wage channel — 4(4,500:1,125); c) in commodity turnover — 4(4,500:1,125).

In our example 1,125,000 rubles would, on the average, be in circulation in the hands of manual workers and office workers and the same amount — in the tills of the trade establishments. But immediately as credit appears, the situation is changed. The existence of banks makes it possible to use a smaller amount of money as means of payment. Trade establishments deposit their money receipts with the bank every day and then pay industry for the goods obtained without the use of cash. In the tills of trade establishments only small amounts of money remain determined by the

Money channels	The volume	Cash balances in the channels	
		Calculated by G. Kozlov	Should be
Payments by enterprises and institutions	240	1	1
Incomes of manual workers and office workers	240	12	16
Sales of products by the kolkhoz members at the kolkhoz market	30	3	3
Total	510	16	20

nature of their connections with the banks and by the bank's technique of collecting money.

If we consider that on the average in these tills there are receipts of half a day, or 75,000 rubles, then, introducing the influence of credit, our example will change as follows: the average amount of money in circulation would be reduced to 1,200,000 rubles (of which 1,125,000 rubles is in the wage channel and 75,000 rubles in the commodity turnover channel) and the velocity of circulation would amount a) to 7.4 in respect to the general amount of circulation, b) to 4 in the wage channel and c) to 60 in the commodity turnover channel (4,500,000:75,000).

With an unchanged velocity of money in the wage channel all the influence of credit on the velocity of money resulted in increasing the velocity of money in the commodity turnover channel, as a result of which the general velocity of money almost doubled. The total amount of money in circulation was reduced and concentrated almost exclusively in the wage channel.

In our opinion important conclusions may be made from the above, applicable to the practice of determination of the amount of money necessary for circulation. As the cash balances in the tills of enterprises and organizations under socialist conditions can be determined (and standardized) directly, they should be considered separately from the amount of money circulating in the channel concerned with the receipt and expenditure of money by the population. It is exactly because of this that our practice in determining the amount of money necessary for circulation has been based first of all on the data concerning incomes of the population and the velocity of money in the channel where these incomes are received and spent.

In his article G. Kozlov in general correctly enumerated the factors influencing the size of cash balances of the population and the velocity of circulation of these balances. We should, however, notice the following.

First, G. Kozlov lost sight of such an important moment as servicing the population by savings banks: this reduces the cash balances of the population and increases the circulation of money. This circumstance acts as a factor for increasing the frequency in which income is received by the population, for example, a change from paying wages once in two weeks to paying each week.

Second, G. Kozlov in his discussion considers factors involved in the velocity of money which originate from the commodity turnover separately from the factors determining the velocity of money originating from spending. Yet the rates of money spending by people which G. Kozlov considers as a factor of the velocity of money are, in turn, factors coming from the side of the commodity turnover. Here one finds the presence of goods in the trade network which ensure the full and timely satisfaction of effective demand, the reflection in the structure of commodity turnover of the composition of consumers' demand, for example, the role of durable goods in the commodity turnover for the purchase of which an accumulation of money is necessary, and seasonal changes in demand of the population influencing the frequency of purchases. We can calculate the amount of money necessary for circulation on the basis of the study of money channels in respect to the payment of incomes to the population exactly because such channels reflect the connection between the incomes of the population and their spending on purchases of goods, payments for services, etc.

Third, it is impossible to agree with Kozlov's statement that the payment of wages to certain groups on certain days by the banks is a factor accelerating the velocity of money and thus decreasing the amount of money in circulation. According to his opinion expressed as early as 1931 in his book "Soviet Money" (10) if we pay wages during the month on the first day to one group, on the second to another and so on, then the velocity of money will be increased and the cash balances correspondingly reduced.

This statement has no basis in fact, as may be seen from the following example. Let us take 15 enterprises. In each of them the workers are paid wages of 1,500,000 rubles once in two weeks, or, for 15 enterprises, 22,500,000 rubles. Let us suppose that the manual workers and office workers spend their wages evenly during the two weeks, that is, 100,000 rubles a day and in all enterprises 1,500,000 rubles a day. Let us see what their cash balances would amount to 1) in case all enterprises pay wages on the same day — the fifth, and 2) in case each day a different organization pays (No. 1 on the first day of the month pays 1,500,000 rubles, No. 2 on the second day 1,500,000 rubles, etc.). Then the results are (in thousands of rubles):

Days of the month	Cash balances of the manual workers and office workers	
	If the wages are paid to all of them on the same day — on the fifth	If each day wages are paid to a different enterprise
1	5,250	11,250
2	3,750	11,250
3	2,250	11,250
4	750	11,250
5	21,750	11,250
6	20,250	11,250
7	18,750	11,250
8	17,250	11,250
9	15,750	11,250
10	14,250	11,250
11	12,750	11,250
12	11,250	11,250
13	9,750	11,250
14	8,250	11,250
15	6,750	11,250
The sum of cash balances	168,750	168,750
Average cash balances	11,250	11,250

The average cash balances in the hands of the manual workers and office workers in both cases are the same — 11,250,000 rubles. This means that the velocity of money remains the same so far as the periods of wage payments are not changed. The difference is only that if all wages are paid on the same day the amount of money in circulation each day is not the same. This is an important circumstance, because it creates a strain on trade, complicates the work of the banks, etc. But there is no basis for the statement that the velocity of money has changed: one should not determine the velocity of cash balances for some particular date or for some particular dates. It is true, however, that in such a case the bank may hold smaller cash balances and its daily turnover of paying out and receiving money is reduced; only in this sense we may speak of the influence of spreading the payment days on the reduction of the amount of money in circulation.

Finally we would like here to discuss the question of the influence of the kolkhoz market on the velocity of money in circulation.

Let us for this purpose take an example given in G. Kozlov's article on p. 42 and examine it in two variants. In the first variant the goods are sold to manual workers and office workers at the kolkhoz market, in the second — by the state and cooperative stores. We shall then obtain the following figures (in billion rubles). This example shows the correctness of G. Kozlov's statement that the existence of the kolkhoz market is a factor slowing down the return of money to the state bank. At the same time his statement that the velocity of money in the national economy remains the same is wrong: it changes depending upon the volume of kolkhoz trade.

In the same variant the return of money to the State Bank is expedited by 12.6%, while the velocity index for the national economy is increased by 7.3%, and even if we calculate it according to the commodity turnover — by 2.5%. This is understandable: replacing the kolkhoz market with state and cooperative trade does not change the total volume of commodity turnover of the organized market (in our example the purchases of the kolkhoz members in the state and cooperative trade network would be correspondingly reduced). Consequently, the sum of money returning into the branches of the bank from the trade establishments would remain the same. The amount of money in circulation would then be reduced because of the drying up of one channel of incomes — of the kolkhoz market. Hence a substantial acceleration of the return of money into the bank vaults. The reduction of the volume of money in circulation would be accompanied by the reduction of the volume of money turnover, but the role of this reduction is less significant in the total volume of money turnover than in the commodity turnover and this results in obtaining different coefficients of acceleration in money circulation.

	The first variant	The second variant
Total volume of the turnover in which money fulfills its function as means of purchase and means of payment:		
(a) Incomes of manual workers and office workers	240	240
(b) Income of kolkhoz members according to labor-days earned	60	60
(c) The turnover of state and cooperative trade (including the trade of the collective farms)	300	300
(d) The sales of products by the kolkhoz members at the kolkhoz market	30	—
Total	630	600
In this amount the total commodity turnover	330	300
The amount of money in circulation:		
(a) In the channels of incomes of manual workers and office workers	12	12
(b) In the channel of incomes of the kolkhoz members according to the labor-days earned	12	12
(c) In the channel of incomes received by the kolkhoz members from the sale of goods on the market	3	—
Total money	27	24
The velocity of circulation (number per year)		
(a) In the total turnover	23.3	25.0
(b) Return of money to the banks through the commodity turnover of state and cooperative trade	11.1	12.5

FOOTNOTES

(1) See articles by Z. Atlas (No. 11 of this magazine, 1956) and G. Kozlov (No. 2, 1957).

(2) See K. Marx, “Capital” [in Russian], Vol. I, 1954, p. 126.

(3) See “Problems of Economics,” No. 11, 1956, p. 79.

(4) Ibid., p. 80.

(5) See Karl Marx, “Capital,” Vol. II, 1954, p. 416.

(6) Ibid., p. 415.

(7) “Problems of Economics,” No. 11, 1956, p. 80.

(8) Comp. K. Marx, “Capital,” Vol. I, p. 148.

(9) Ibid.

(10) Comp. F. I. Mikhalevsky, “Methodology of studying our monetary circulation,” Moscow, 1930.

(11) See “Problems of Economics,” No. 2, 1957, p. 41.

(12) K. Marx, “Capital,” Vol. III, 1954, p. 334.

(13) “The size of the incomes which may be spent determines the size of consumption...” (K. Marx, “Capital,” Vol. III, p. 459).

(14) See “Problems of Economics,” No. 2, 1957, pp. 41-42.

(15) Ibid., p. 43.

(10) See G. Kozlov, “Soviet Money” (State Financial Publishing House), 1939, pp. 267-270.

M. Lifits:

Problems of the Economic Ties of Industry and Trade under New Conditions

The law of planned development of the national economy, functioning under socialism, requires interconnecting and preserving in the same plan the necessary proportions among individual branches of the national economy and various spheres of reproduction. Among the most important proportions established in accordance with the requirements of this law is the proportion between production and consumption, between the increase in the production of goods for popular consumption and the growth of the effective demand of the population.

In the socialist economy antagonistic contradictions between production and consumption do not exist. Here the expansion of production is not limited, as under capitalism, by a relatively narrow market. An increase in production under socialism is accompanied by the growth of popular consumption and, at the same time, with the growth of production new needs arise.

The proportionality of production and mass consumption, appearing in the form of effective demand, presupposes that the production of articles of popular consumption corresponds to the general volume and structure of popular demand. If the commodities produced are to receive social recognition and enter the sphere of personal consumption, their assortment and quality should correspond to the structure of the purchasers' demand. If this condition were not adhered to, partial disproportion between supply and demand in some commodities would arise and would cause a strain on the market.

The production of goods which do not receive social recognition amounts to lowering the productivity of social labor and produces a negative effect on the economic development of the country. The socialist system of economy which excludes competition and anarchy of production makes it possible to utilize social labor rationally and to ensure a structure of production which corresponds to the needs of the whole society. This theoretical possibility becomes a reality in the process of realization of the planned forms of connections among the branches of the national economy and spheres of reproduction on the basis of taking into consideration all the phenomena taking place in the economy of the Soviet Union.

The planning of the socialist economy makes it possible to determine directly the needs of the members of society and to develop production correspondingly. Engels, speaking about the organization of production in a communist society, pointed out that "as it is known how much, on the average, is needed by an average member, it is very simple to determine how much is needed by a certain number of persons; and as production will not be in the hands of private entrepreneurs, it will be not difficult to regulate production according to needs."*

Trade plays a great part in finding out the needs of the population for certain kinds of goods: it is a connecting link between production and people's consumption and is an effective lever for influencing production.

The practice of economic construction in the USSR proves the vital character of such forms of connections between production and trade as business contracts, orders, requests for needed goods in the future by the trade organizations, and others. All these ties are characterized by the fact that they are realized on the basis of the utilization of value levers: money, prices, profits, etc.

An important form of interconnection of industry and trade and an effective means of influencing the volume and structure of production of consumption goods by trade is the system of orders given by the trading organizations to industry. This sytem helps to organize the production of commodities in conformity with the demand of the population as it is formed in a particular district, and prevents the bureaucratic distribution of commodities which, unfortunately, still has not yet disappeared from our practice. A system of orders is one of the essential conditions for the further development of a "cultured" Soviet trade, a factor for expediting the process of commodity circulation, and in this way, increasing the tempo of the expanded socialist reproduction in the Soviet Union.

The application of the system of orders began in the national economy of the USSR in the pre-war years. As early as the February (1927) Plenum of the CC, CPSU, the necessity for state and cooperative trade to change over to the system of advanced orders was pointed out.

In its resolution of September 29, 1932, concerning the development of Soviet trade, the Plenum of the CC, CPSU, advised the Commodity Stocks Committee at the Council of Labor and Defense to draft regulations for, and to introduce, beginning January 1, 1933, a system of advanced orders for state and cooperative trade which should embrace no less than 50% of the production of the most important mass consumption goods (textiles, footwear, clothing).

In conformity with this resolution the Council of People's Commissars, on October 28, 1932, resolved that the advanced orders should cover 45% of the cotton apparel, 60% of cotton fabrics, woolen apparel, footwear, silicates and metal manufactures and 75% of the rubbers (percentages relate to the totals assigned for the domestic market). The central administrations of the trade networks were to assign by regions those funds which were to be covered by advanced orders. In their orders the trade organizations gave the amount of goods they needed in terms of each type and specification within the limits of the stocks assigned for advanced orders. These orders were sent to the industrial enterprises, the list of which was supplied beforehand to the trade organizations.

The system of orders played a positive role in strengthening the planned element in the national economy and in strengthening the influence of trade on industry.

The system of orders, as a form of connection between trade and industry, was not applied during the last war. During the war and the first post-war five-year plan the deliveries of commodities for mass consumption to the trading organizations were made on the basis of agreements between the central administrations of the trade networks and industrial ministries-suppliers according to the group assortment without consultation with the lower echelons of the trading organizations. In the group assortment such details as design, color of the fabrics, etc. were not spelled out.

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* K. Marx and F. Engels, "Works" [in Russian], Vol. II, 1955, p. 535.

This system of agreements on group assortment without participation of the lower echelons of the trading organizations did not take into consideration the varied and changing demand of individual regions of the union. Frequently goods were brought in without considering the needs of the population. The possibility of influencing production by trade and the utilization for this purpose of value levers were limited.

The growth of the national income during the post-war period and the growth on this basis of the welfare of the people prepared the ground for the restoration of the forms of connections between industry and trade, in particular, of trade orders which proved their value in the prewar period. The system of orders was restored in 1951 to ensure the supply of industrial goods for the regions and republics in an assortment corresponding to the demand of the market and in order to increase the influence of trade over industry. Yet it was restored on a new basis which reflected a new stage in the development of the socialist economy, a new level in the development of material production and the increased needs of the population. The enlarged role of orders by the trade organizations in the post-war period as a form of planned connection between trade and industry is closely associated with the improvement of the whole system of planning and of organizational forms of administering the national economy.

The system of orders for cotton and woolen fabrics, apparel, leather and rubber goods, tobacco products, perfumery and cosmetics, toilet soap, furniture, and chinaware was introduced in 1951. The right to order apparel, rubber footwear, perfumery and cosmetics, toilet soap, and tobacco products was given to all state and cooperative trading organizations, while the right to order cotton and woolen fabrics, leather footwear, furniture, and chinaware. was granted to a large number of trading organizations. For example, all department stores of the Department Stores' Administration; specialized stores; offices of the Russian Trade Organization for Textile Fabrics and Apparel; specialized stores of the USSR Ministry of Light Industry; administrations and sections of supply of the ministries of coal, petroleum and metallurgical industries; transportation; industrial trade and regional consumers' unions of a number of regions and cities were allowed to order cotton and woolen fabrics and leather wear. In 1952 the number of organizations which had the right to order leather footwear was expanded. In 1953 all state and cooperative trade organizations were granted the right to order leather footwear, socks and stockings, furniture, and chinaware. The list of goods for which orders could be sent also was expanded, as compared with the lists of 1951.

As a result of the increase in the number of trade organizations which have the right to send orders, the share of goods delivered as a result of orders in the total market stock of such goods has been increasing all the time.

Thus, in the postwar period the system of orders expanded as did the number of industrial goods to which this system applied, increasing the marketable stocks covered by this system and the number of organizations with the right to order. The practice of preparing orders was also considerably improved.

As the production of goods for mass consumption increased, conditions for ordering them improved. For example, in 1954 limits for ordering rubber and cotton footwear, children's leather footwear, and other goods were abolished.

The improvement in the system of ordering was accompanied by a mitigation of excessive centralization which weakened the direct connections between the trading organizations and industry. A cumbersome nomenclature of orders also prevented effective control over implementation. For example, up to 1955 the trade organizations had to present orders in a complicated assortment to the USSR Ministry of Trade for placement with industrial enterprises in a centralized way. Local organs of trade, unions of consumers' cooperatives, branch offices and trade bases of the chief administrations of wholesale trade of the USSR Ministry of Trade could not under this system influence industrial plants in their own districts. This greatly limited the sphere of application of value levers in relations between industry and trade. The excessive centralization in placing orders frequently resulted in the irrational movement of freight and produced an unnecessary flood of paper work between industrial and trade organizations.

Further changes in the system of placing orders were introduced in 1955. In order to increase the connections between trading organizations and industrial enterprises and to simplify the procedure for sending orders for fabrics, the trading organizations of Moscow, Leningrad, and a number of regions and union republics received the same right as the wholesale bases to place their orders for cotton, woolen and silk fabrics with the textile mills located in the region where these trade organizations function. The same procedure was introduced for ordering footwear. Thus the Ministries of Trade of Azerbaidzhan, Armenia, Byelorussia, Latvia, Lithuania, Uzbekistan and the Estonian union republics; the trade administrations of Moscow and the Moscow region, Leningrad and the Leningrad region, Rostov on the Don and the Rostov region as well as the offices and bases of the main administration of footwear trade were advised to place orders for leather footwear with the factories in their own regions and avoid shipments from other republics and regions.

The practice of trade organizations' placing orders for footwear with the factories of their own republics or regions made it possible to avoid the interregional movement of footwear and to free more than 4,000 freight cars for other purposes in 1955 alone. The share of the orders placed with local footwear factories in the total volume of orders for footwear increased from 47.5% in 1954 to 57% in 1955 and 60% in 1956. In some republics the increase was even more striking. In the Lithuanian SSR the share of local orders increased from 56.6% in 1954 to 98.2% in 1956; in the Armenian SSR for the same years it increased from 56.4% to 70%; in the Estonian SSR from 51.1% to 79.2%; in the Ukrainian SSR from 70.4% to 85.6%. At the same time it must be observed that in such a basic region of footwear production as Moscow only 87% of the orders for footwear of the Moscow trading organizations were placed with the local factories. Every year Moscow sends to other regions tens of millions of rubles' worth of various kinds of footwear (made of Russian leather, chrome leather and others) and receives other kinds (sandals, men's last shoes with leather soles, etc.).

The fullest coverage of the needs of the population for goods which are produced in local plants ensures the sale of goods with the least expenditure of the past and present labor; in view of this, this practice is a factor in the growth of labor productivity.

Postwar experience proves once more that the system of orders is an important means for establishing the necessary relations between production and the demand for mass consumption goods; it helps to expand the assortment of goods, improve their quality, appearance, and so on.

In recent years, taking into consideration the requirements of the trading organizations, industry has considerably increased the production of goods which are in great demand. During 1956 and 1957, the assortment of cotton fabrics expanded through the production of new kinds of apparel fabrics manufactured from high count water resistant twisted yarn for trench coats and sports wear; the production of nappy fabrics, poplin, rubberized trench coats, fancy socks and other goods increased.

Trading organizations, watching the changing demand of the population and the state of stocks, periodically make suggestions concerning changes in the assortment of goods produced. Industry accepts many of these suggestions. In this way orders to a considerable degree determine the direction of industry's work and bring the structure of production into greater correspondence with customer demand.

With the expansion of the system of orders the cases of rejections and claims by trading organizations have increased and through these value levers the influence of trade upon industry has been increased.

However, in spite of the expansion and strengthening of the planned connections between industry and trade on the basis of orders, in practice serious defects in preparing and presenting orders were observed up to recent years which weakened the effectiveness of the system.

First of all it should be observed that up to now the system of orders is limited in application to certain kinds and assortments of goods. For example, in 1957 orders for cotton fabrics were accepted only for 70 kinds and for 19 only within certain limits. The corresponding figures for silk fabrics were 24 and 7. The apparel industry limits orders for cotton products.

Such limitations are caused not only by shortages of various kinds of raw materials, industrial equipment and so on, but also by the application to some goods in planning of the so-called average price. Guided by this price industry, in order to fulfill the targets for gross production, not infrequently pays no attention to the requests of the trading organizations for goods which are in great demand by the population.

Orders for the planned year up to recent times have been prepared according to funds and limits of the past year and then presented again in accordance with the approved commodity funds. Sometimes considerable changes are introduced into the original orders. Because of the corrections introduced by industry, the trading organizations are compelled to carry out enormous additional technical work which takes the workers of the trade network away from their direct responsibilities, while the effect of such reordering is very small.

The system of orders in existence up to recent times was too cumbersome; it did not react to quick changes in demand and this made it more difficult to make real corrections in production programs in correspondence with the requirements of customers.

Though lately the work of preparing orders has somewhat improved, the trading organizations and the wholesale bases not infrequently make serious mistakes: they present orders violating limits, and distribute the total sum of orders in terms of quarters of the year without considering the seasonal character of demand. Serious differences are observed between the known demand of the population reflected in the orders and the approved programs of industry, especially in the assortment of goods.

As has been pointed out, the effectiveness of the system of orders is considerably increased if they are placed primarily with the local industrial plants. But this is sometimes prevented by too narrow specialization of the industrial plants and the limited character of the assortment of goods produced by them.

In a number of regions specialization has been carried out without taking into consideration the number of plants available in a given territory. Thus, in the Yaroslavl region the only sewing factory there produced suits and overcoats in 1957 only of the mass type. In the Mordvinian ASSR and the Orlov region local plants produced women's suits of better quality and because of that other apparel had to be brought from other regions. The narrow specialization of sewing factories and their existing territorial distribution result in excessive transportation and counter-movements of products and this makes difficult timely and even deliveries of goods to trading organizations. Thus in the third quarter of 1957 the Sumsk region sent 22.9 million rubles' worth of apparel to other regions and brought 18.6 million rubles' worth from other regions. Such cases are numerous.

Excessive centralization of the system of orders and the connected technical complexity of collecting orders at the center weakened the influence of the local trade organizations on industry. The Ministries of Trade in the republics and trade administrations in fact could not demand from the local plants the production of goods in a given assortment because the orders were sent to Moscow only for one purpose: so that the USSR Ministry of Trade, having reached an agreement with industrial ministries, would distribute them among the plants. In connection with this the USSR Ministry of Trade suggested that the Ministries of Trade of the union republics examine the question of whether it is advisable to preserve the existing practice of trade organizations presenting orders to industry and to establish a procedure of preparing orders and reaching agreements for the delivery of fabrics, apparel, footwear and other goods with the purpose of considerably simplifying this work. Beginning with 1958 the chief administrations of wholesale trade of the USSR Ministry of Trade will give orders only for those goods which will be exported from each republic for the satisfaction of the all-union needs and the needs of other republics. Under these conditions the contracts of the wholesale bases with industry concerning the delivery of goods acquire special importance.

Trading organizations in the past not infrequently prepared orders without a deep analysis of the state of business and seasonal changes in trade and they continue sometimes even now. As a result of this the demand of the population for some goods is not always satisfied. Thus, the "Moscow Apparel" trading organization first ordered overcoats for men in the amount of 235 million rubles, overcoats for girls for 72 million rubles and for boys for 89 million rubles. Three months later it increased its order for men's overcoats by 100 million rubles and at the same time reduced the order for children's overcoats three times. The Ufa city trade organization in 1956 refused to accept boys' suits (school uniforms) produced at its order and by a directive of the Ministry of Trade of the Bashkir ASSR, the Bashkir wholesale base sent them to other cities of the republic. As a result of this the stores in Ufa, at the beginning of the new school year, experienced a shortage of school uniforms and the base was compelled to organize their urgent manufacture at the Sterlitamak sewing factory.

In 1956 in a number of regions and republics the retail establishments and the wholesale bases of the Central Administration of Footwear Trade made serious errors in their orders for children's footwear, lowering the total sum of orders compared with 1955. This made difficult the satisfaction of the demand for this kind of footwear. In 1956 and 1957 a number of measures were carried out to increase the production of children's footwear and other goods for children. However the demand for some children's goods is not yet fully satisfied.

The CC, CPSU, and the USSR Council of Ministers noted in their decision made in March, 1958, that our industry has all the facilities to increase the production of children's footwear and apparel, to broaden its assortment and improve the quality.

It must be observed that wholesale organizations still do not exercise proper control over the delivery of goods according to orders, do not fully use economic levers that are at their disposal (fines and penalties imposed for breach of contract) to compel industrial plants to improve technological processes, to produce goods of high quality only and to ensure an even distribution of deliveries to trading organizations.

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The reform of the system of industrial and construction management makes it possible to increase the efficiency of the system of orders considerably, to increase their role as a means of ensuring the necessary proportions between production and consumption. Now, as a result of the overhauling of the industrial management, the assortment of mass consumption goods manufactured by plants of some particular republic is approved by the Council of Ministers of the union republic, after having taken into consideration the orders of the trading organizations, the demand of the population, and the local peculiarities of the demand. Under these conditions the improvement of the system of orders depends above all upon a deep analysis of the demand of the population, of the economic, climatic and national characteristics of each region and consideration of all these factors in the preparation of industrial production programs.

The use of value levers for influencing industry must play an important role. Applying various sanctions which exert a direct influence on the profits of industrial plants, the trade organizations should demand that industry manufacture goods approved in the plan. Since the demand of the population is constantly changing, the trade organizations have the right to introduce corrections into the production program for the current year (in the ordered assortment) within ten per cent of the value of the order.

The formation of the economic councils in the economic-administrative regions and the expansion of the rights of the union republics in the field of planning commodity stocks made possible the further decentralization of the system of orders. Local trade organizations and wholesale bases now have more rights and freedom in their determination of the assortment of goods and their direct participation in placing orders among plants located in their particular region. Under new conditions the wholesale bases, having in view the maximum fulfillment of the orders of the trading organizations and the avoidance of excessive and counter-movement of freight, must reach agreement with the economic councils and industrial administrations of the regional executive committees concerning the production of goods and their assortment for each plant. At the same time the responsibility of the Ministries of Trade of the republics and the trade administrations, bases and offices of the main administrations of the wholesale trade in carrying out the work of preparing and presenting orders has been increased.

Under the new procedure the offices and the bases must examine orders received from retail establishments and organizations, together with the organs of the republic Ministries of Trade, consumers' cooperative unions (in some cases together with the Ministries of Trade and republic consumers' cooperative unions, in other cases — with the regional trade administrations and regional consumers' cooperative unions) and introduce necessary corrections. The approved orders should be placed above all with the plants of the local economic regions. If they cannot be satisfied by the local plants of the given economic region, wholesale trade offices and bases should use the facilities of interrepublic and interregional exchange for obtaining the needed goods. Thus under new conditions the role of the wholesale organizations and establishments and, in particular, of the main wholesale trade administrations in realizing the exchange of goods of mass consumption between economic regions of the Soviet Union has been greatly increased.

An exceptional part in the improvement of the system of orders is played by the increase of orders placed locally. Relying on the orders and requests of the trading organizations, the economic councils of the economic-administrative regions and industrial administrations of the regional and city executive committees will increase the production of those goods which are in demand by the local population. This will make it possible to cut down considerably excessive freight movement from one region or republic to another and to a greater degree to adjust the assortment of goods to the demand of the population. Through giving orders directly to the local plants, the trade organizations and establishments are able actively to influence production.

At the same time the plants of the economic councils should take into consideration the needs of the population of other regions. In view of this it is necessary to struggle with tendencies of sectionalism, with attempts to ignore the existing social division of labor, with the attempts to build a self-sufficient economy inside a region or a republic.

It must be said that in preparing their plans for 1958 some economic councils, for example, of the Russian Federation, did not consider sufficiently the all-union and republic needs for some mass consumption goods. The RSFSR Council of Ministers condemned mistakes in planning the production of mass consumption goods and imposed upon the economic councils the obligation to take measures for expanding production and starting the production of new kinds of goods in order to satisfy the demand of the population to a greater degree.

In order to ensure the better fulfillment of orders by trade organizations through local production it is necessary to avoid excessive plant specialization where mass consumption goods are produced. In some cases measures should be taken to expand the assortment of goods produced at individual plants in order to satisfy more fully the demand of consumers through production at local plants within the boundaries of the economic regions and reduce the interrepublic movement of freight. For example, in the footwear industry new channels should be organized for the production of certain kinds of footwear. This would involve improving the conveyer system in footwear plants which would make it possible to change quickly from the production of one kind of footwear to another.

Thus the overhauling of industrial management according to the territorial principle and the wise specialization of production will help to lower the cost of products, will diminish irrational freight movement and ensure production within the boudaries of an economic region of a maximal amount of goods needed by the population.

In improving the system of orders a far-reaching role belongs to the trade organizations, wholesale and retail alike. The orders they prepare should be based on the study of the demand of the population and should correctly orient industry when it is preparing its production program.

Consumers' demand for specific kinds of goods is constantly changing. Its dynamics is explained by changes taking place in production, distribution, and exchange. Not only does demand stimulate the growth of production, but production and supply create demand, bring to life new needs. For example, the expansion of the production of television sets, electric household appliances, new kinds of fabrics, footwear and other goods has changed the structure of the demand and supply that had existed. The increase of wages of the lower paid groups of the population, the increase of pensions, raising procurement and purchasing prices (of agricultural products): these have substantially influenced the structure of effective demand. All this has to be considered in determining the structure of production of mass consumption goods. The organization of the trade processes, advertisement, forms of servicing consumers, etc., also influence demand. These varied factors should be studied and considered in preparing orders. We should separate here the long term factors from the short term factors caused by a temporary switching of demand from one kind of goods to another.

Under present conditions the role of direct connections between wholesale bases and retail trade establishments on the one side and industrial plants on the other is increasing. Such economic ties allow trade organizations and establishments to present to industry more concrete demands in respect to the volume of production, assortment of goods, conditions of deliveries and their schedule, etc.

The control of retail trade establishments over the execution of orders taken by industry should be strengthened. This, in turn, requires that corrections (if in general they are necessary) in the orders already presented by the retail organizations and establishments be made in time.

The quality of orders to a considerable degree depends upon the participation of the broad masses of trade workers in their preparation.

Overhauling the system of industrial management and the removing of departmental barriers help to do away with the defects which still exist in the practice of presenting orders. They make it possible for the trade organizations to establish close ties with the industrial plants; to solve effectively on the spot such important questions as changes in the assortment of products, taking into consideration the demand of the population; changes in the conditions of delivery of goods, etc.

Thus, in the third quarter of 1957, at the request of the Moscow Central Base of the Main Administration of the Footwear Trade, in accordance with the changed demand of the population, the footwear factories changed the original plan of footwear production, increasing the production of high overshoes instead of men's and children's shoes. This improved the supply of the trade network with an autumnal-winter assortment of footwear. In order to meet the wishes of the trade organizations the Paris Commune factory began to produce rubber soled shoes for women, which are in great demand.

The trade organizations should be in constant contact with the economic councils so that they can jointly search for the maximal expansion of the production of mass consumption goods and fulfill orders and requests of the trading organizations.

Many economic councils (of the Georgian SSR, the Latvian SSR, the Gorky economic region and others) with which the trading organizations are in business contact decided, in preparing their 1958 plan, to expand the production of the mass consumption goods above the targets given by the all-national plan.

Beside being produced in the plants of the economic councils, many goods needed by the population are produced by plants of the local Soviets and by household industry cooperations. The volume of products produced by local industry has considerably increased after the transfer to the executive committees of the cities and regional Soviets of a large number of plants which were under ministries of the union republics now abolished or reformed. For example, in the Ukraine alone more than 700 plants were transferred to the management of the local Soviet organs. The production capacities of local industrial plants and household industrial cooperatives should be better known and used in preparing orders and requests by the trading organizations.

Up to now the influence of trade on production was limited mainly to the sphere of industry. The new procedure of planning in agriculture, which gives the collective farms the right to determine the structure of their own production, opens wide possibilities for strengthening the economic ties between trading organizations and the collective farms through orders. The decisions made by the February Plenum of the CC, CPSU, and by the March session of the USSR Supreme Soviet concerning the development of the kolkhoz regime and the reorganization of the MTS enhance these possibilities.

Trade organizations, on the basis of contracts with the collective farms, and considering the needs of the market, can obtain a ratio of individual agricultural products which will satisfy fully the demand of the regional population and make it possible to build up funds for export to other regions. With the help of financial levers and various forms of material stimulation the trade organizations can influence the quality of products produced on the collective farms.

The economic ties between trade organizations and state farms also should be realized in the form of orders.

At the conference of the active workers of trade organizations in the RSFSR which took place in April, 1958, the sense of the discussion was that the trade organizations should have the right to deal directly with the suburban collective and state farms with respect to potato and vegetable deliveries. Through orders and long-term contracts concluded on the basis of these orders between the trading organizations and state and collective farms, the urban population can be assured a better supply of potatoes and vegetables.

Improving the system of orders as a way of actively influencing industrial and agricultural production on the part of Soviet trade is one of the important conditions for strengthening the planning principle in the whole economy of our socialist state.

N. Semin:

Collaboration of the Czechoslovakian Republic with Economically Underdeveloped Countries

Lately collaboration of socialist countries with economically underdeveloped countries is being increasingly developed. The formation of the world socialist camp and the deepening of the crisis of the capitalist system brought about an enormous upsurge in the movement of national liberation in the colonial and dependent countries. The old colonial system of imperialism is collapsing under the blows of the movement for national liberation and this is an event of world historical significance.

Economically underdeveloped countries which have entered the road of independent development inherited from the colonial period an extremely backward and onesided economy. The predominant branch of the economy in most underdeveloped countries is agriculture which is on a very low level. In these countries modern industrial production and especially branches of manufacturing are weakly developed or are completely absent. For example, in the countries of the Near and Middle East only about 250,000 tons of steel are produced annually and machine building is represented mainly by repair shops. Countries of the Near and Middle East and Africa are characterized by the lowest consumption of petroleum and electricity in spite of the fact that this region is one of the richest in the world in its reserves and production of petroleum and has substantial hydroelectric possibilities. The countries of the Near and Middle East are producers of cotton of world importance; however, its processing is carried out here mainly in a semihandicraft way and uses only 25% of the cotton crop of these countries.

Economically underdeveloped countries of the Near and Middle East, Africa, and Southeastern Asia cover their needs for industrial products and especially for the products of metallurgy and machine building almost exclusively through imports. The states of Latin America are in about the same position. Even the most economically developed countries among them, such as Argentina, Brazil, and Chile, import from 26 to 35% of the needed machines and equipment. The remaining countries of Latin America cover 80% of their needs in machines, equipment and other industrial products through import.

Countries liberated from colonial oppression are carrying out measures designed to build up their national industry and are preparing skilled workers, technicians and engineers in order to raise the living standards of the people. A number of such countries worked out and carried out various programs and plans of economic development in order to overcome the consequences of the colonial regime. In this connection they have to expand the import of machines, of industrial equipment and means of transportation; they need scientific-technical assistance from the economically developed countries.

The emergence of a powerful camp of socialism, the development of economic collaboration between socialist countries and economically underdeveloped countries on the basis of full equality, respect of their national sovereignty and mutual advantage created wide possibilities for the underdeveloped countries for using the achievements of the socialist states (in particular obtaining from these states comprehensive economic assistance) without obligations of a political and military character. The collaboration of the underdeveloped countries with the states of the socialist camp helps the general economic development of the underdeveloped countries, facilitates the creation and development in such countries of national industry which is the economic basis of their political independence, increases employment and raises the living standard of the population. The monopolies of the imperialist countries, which still hold important positions in the economy of many underdeveloped countries, try to put brakes on their development; they look upon such countries only as sources of surplus profits. In view of this the expansion of economic collaboration of the underdeveloped countries and socialist states is an objective necessity for the underdeveloped countries.

The Czechoslovak Republic occupies an important position in the economic collaboration of the socialist countries with the economically underdeveloped countries. Economically the republic is a highly developed country with a great industrial potential. The share of means of production now makes up 60% of the total industrial production in Czechoslovakia. The machine building industry of Czechoslovakia produces on a large scale power, metallurgical and chemical equipment, equipment for light industrial enterprises and for the food industry (including shoe, textile and sugar industries), powerful presses, various metal cutting lathes, diesels, railroad rolling stock, tractors, automobiles, motorcycles, etc., that is, mainly those kinds of industrial equipment and machinery which primarily are needed by the underdeveloped countries struggling to create their own independent national economy.

The Czechoslovak Republic exports a significant part of its machine building production. For example, it exports 75% of the power equipment produced, more than 75% of the metal cutting lathes produced, more than 80% of the diesels, tractors, and passenger cars, and 20% of the trucks. 36% of the world import of motorcycles of 250 cub. cm. cylinders is supplied by Czechoslovakia. In 1937 the share of machines and equipment in total Czechoslovak export made up 6%, in 1957 it amounted to 41%. Now in export value of its machines Czechoslovakia is ahead of Italy, Belgium, Sweden, and the Netherlands and this is a proof of its great export possibilities.

The export of Czechoslovak industrial products and first of all machine building products, and the country's need for various improved agricultural and industrial raw materials is growing. In Czechoslovakia's imports the largest part (more than 80%) is made up of industrial raw materials and agricultural products, that is, of the commodities with which the underdeveloped countries are able to pay for machines and equipment imported from Czechoslovakia. This factor is of great importance because economically underdeveloped countries experience a serious shortage of foreign exchange needed to pay for their foreign operations.

The firm bases for the development of mutually advantageous business collaboration between the Czechoslovak Republic and the underdeveloped nations are: common views shared by the state of the socialist camp and the overwhelming majority of the underdeveloped countries on the question of establishment of durable peace and wide development of international economic ties on the basis of full equality and mutual advantage; the necessity for the underdeveloped countries to start the development of their independent national economy and in this connection the growth of the absorption capacity of their domestic market; a desire on the part of industrially highly developed Czechoslovakia to help these countries to advance rapidly in the economic sphere. At the 9th Congress of the Communist Party of Czechoslovakia, on May 26, 1949, A. Zapototsky said: "Against the capitalist aim to keep their allies in a state of backwardness and dependence we advance the aim to help them in their industrial development... If our foreign trade is oriented toward this goal, our production should be adjusted to such an orientation."(1)

The decision of the plenum of the CC, CPC, of March 30, 1956, points out that one of the main tasks of Czechoslovakian foreign economic policy should be rendering economic and technical help to the underdeveloped countries.

Foreign trade plays a very important part in the economic collaboration of the Czechoslovak Republic with the economically underdeveloped countries. While the total foreign trade of Czechoslovakia increased in 1956 as compared with 1953 by more than 40%, the volume of foreign trade with the economically underdeveloped countries during the same period increased almost three times and forms approximately 40% of the foreign trade with all countries of the capitalist world. The largest part of Czechoslovakian foreign trade with economically underdeveloped countries is made up of trade with the states of the Near and Middle East and with Latin America. About 50% of Czechoslovakian foreign trade with underdeveloped countries of the capitalist world is made up of trade with India, the United Arab Republic, Argentina, and Brazil.

Czechoslovakian trade with the economically underdeveloped countries of Asia is developing especially rapidly: from 1948 to 1955 the Czechoslovak exports to these countries increased from 518 million koruny to 901 million koruny, while imports from those countries were almost trebled, reaching 849 million krones in 1955. In 1956 Czechoslovakian foreign trade with those countries increased 35% over the level of 1955.

The Czechoslovak Republic covers a substantial part of the needs of the economically underdeveloped countries for products of the machine building industry. For example, 60% of the equipment exported by the Czechoslovak Republic to the capitalist countries is going to the underdeveloped countries. The export of machine tools from Czechoslovakia to the countries of the Near East in 1956, as compared with 1954, increased by more than 50%. 95% of the pumping equipment imported by the United Arab Republic and 40% of Brazil's and Iran's imports of diesels come from the Czechoslovak Republic. The republic is one of the largest suppliers of machine tools to Argentina and Brazil: it exported to Brazil more machine tools than Switzerland and France together. The growth in Czechoslovak exports of the share of machines and equipment destined for underdeveloped countries is convincing proof of the sincere desire on the part of Czechoslovakia to render to these countries effective help in their industrial development.

The underdeveloped countries, on the other hand, find in the Czechoslovak Republic a large and stable market for their traditional export goods such as wool, cotton, rubber, ores, hides, fruits, tanning materials, spices, copra, jute, and others. As the national industry of the economically underdeveloped countries expands, Czechoslovakia increases its imports of such products, including household industry articles.

Among the countries of Southeast Asia the largest foreign trade partner of Czechoslovakia is the Republic of India. In 1955-56 Czechoslovakia's trade with India amounted to 42 million rupees or 16% of India's trade with the countries of the socialist camp. The most important articles of Czechoslovak industrial exports to India are equipment for a number of industrial branches, machine tools and diesels. Czechoslovakia also exports to India railroad rolling stock, tractors, motorcycles, rolled steel and metal pipes. Thus, between 1954 and 1956 the export of Czechoslovak diesels to India increased five times. In the recent years Czechoslovakia delivered to India 50 locomotives and 2,050 railroad cars.

India exports to Czechoslovakia industrial raw materials (iron ore, mica, shellac and others) and agricultural products (hides, tea, pepper, oil cakes).

In Czechoslovak trade with the countries of the Middle East the United Arab Republic occupies the first place. In Czechoslovak exports to this republic the share of machines (almost 30% of the total), of electric power equipment and means of transportation is considerable. Czechoslovakia exports a large number of diesels, compressors, metal working lathes, looms, welding equipment, tractors, trucks and cars, motorcycles, rails and wire. It imports from the United Arab Republic cotton, phosphates, copper and manganese ores, peanuts, barley for feed, and wool.

The economic collaboration of the Czechoslovak Republic with Burma is being successfully developed. As a result of a tripartite trade agreement concluded by Czechoslovakia, Burma, and the USSR, Czechoslovakian exports to Burma (chiefly diesels, pumps, machine tools, construction machines, and means of transportation) exceeded twenty times the 1954 level. Czechoslovakia's trade with Afghanistan, Ceylon, Indonesia, Malaya, Uruguay and other countries is expanding.

Among the Czechoslovakian deliveries to the economically underdeveloped countries of the products of the machine building industry a prominent place is occupied by various production equipment including equipment for whole enterprises. Deliveries of such equipment to economically underdeveloped countries helps to carry out the plans and programs of economic development of such countries. As compared with the prewar period the part of full equipment for enterprises in the total of Czechoslovak exports increased by 1956 14 times and reached 38.6% of the total Czechoslovak export of machine building products and almost 15% of total exports.

The part of power equipment is especially great in the export of complete equipment to the economically underdeveloped countries from Czechoslovakia. These deliveries help to develop and strengthen the power base of the national economy in those countries.

The largest part of the complete equipment exported from Czechoslovakia to economically underdeveloped countries is going to India, the United Arab Republic and Indonesia. The share of India in such exports in 1956-57 was almost 40% and that of Egypt — 20%.

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(1) "Zahranicni obchod a vyroba," II, vydani 41.

Czechoslovakia delivered to India in the postwar years complete equipment for a number of electric stations, cement works, sugar mills, rubber goods factories and others. She received from India a large order for the delivery of the equipment for the Utran electric station and distributing equipment for the hydroelectric station at the Rihand river. In 1957 a contract was signed for delivery to India of complete equipment for a cement mill with a capacity of 400 tons of cement a day, of two thermoelectric stations, three sugar mills and equipment for the Surat electrostation, undergoing expansion. In January 1958 the two countries concluded a new agreement in which Czechoslovakia agreed to design a large plant in Bihara for the production of castings and forge work weighing 100 tons and supplying this plant with equipment. The deliveries of the equipment for this plant will be made in 1961 and in 1964. Expenses of its construction and for the equipment are estimated at approximately 165 million rupees.

In 1956-57 the Czechoslovaks delivered equipment to Egypt for a shoe factory, a ceramic plant and a section of a plant for rolling non-ferrous metals, and signed contracts for the delivery of equipment for a cement mill with a capacity of 700 tons of cement per day, of a ceramics plant with a capacity of 3,750 tons of products a year and a bicycle plant producing 30,000 bicycles annually. At the beginning of 1958 Czechoslovakia reached an agreement for the delivery to Egypt of equipment for a plant producing fire-resisting materials, a second section for rolling non-ferrous metals, a petroleum refinery, a plywood plant, equipment for production of medical and chemical goods, and various power and electrotechnical equipment, including steam turbines of 12,000 kw capacity, and a radio station. Czechoslovakia delivered to Syria in 1956-57 full equipment for a petroleum refinery which will process one million tons of petroleum a year and will cost 108 million koruny. The designing of the plant, the assembly of the equipment and the training of the personnel is to be done by the Czechoslovak Republic, In conformity with an agreement signed in 1957 Czechoslovakia will deliver to Syria full equipment for a number of other enterprises including a sugar mill and a shoe factory.

Czechoslovakia delivered to the Indonesian Republic equipment for a textile factory and rubber tire plant producing 650 sets of tires a day. It delivered to Afghanistan equipment for a cement mill of 100 tons capacity a day and for a cannery. The republic delivered to Uruguay equipment for a sugar mill and for a brewery, to Iran — a plywood factory producing ten cubic meters of plywood per shift, to Argentina equipment for the world's largest distilled spirits mill and a factory for enriching coal. With the help of Czechoslovakia Lebanon is building a large car repair plant and Brazil — a suspended railroad for industry. At the beginning of 1958 Czechoslovakia won the Ceylon bid for building a sugar mill which would produce 1,200 tons of sugar cane a day.

The Czechoslovak equipment delivered to the economically underdeveloped countries was highly praised. During his visit to Czechoslovakia in 1956 Ceylon's Minister of Industry said: "We saw many industrial enterprises and admired the high quality of your industrial products... All that we saw proves the high technical development of Czechoslovak machine building... This is of great importance to us because on the basis of our agreement concerning economic collaboration our country may be able to import various industrial equipment from Czechoslovakia for the enterprises which we want to build."

To make it easier for the economically underdeveloped countries to buy equipment and machinery from Czechoslovakia for complete factories Czechoslovakia extends credits for such countries on easy terms (from three to five years to pay at two to four per cent interest). The advantage of such credits for the economically underdeveloped countries as well as credits extended by other socialist countries is that as a rule these countries may pay them off with deliveries of goods usually exported by these states. Czechoslovakia granted credits to Afghanistan, India, Indonesia and other countries. For example, in payment for the designing of a plant producing castings and forge work in Bihara, India, and for the delivery of the equipment required India was given favorable terms: she will have to pay only ten million rupees up to March 31, 1961 (as was mentioned, the expenses of the construction of this plant amount to about 165 million rupees) in the form of deliveries of goods. As the construction of the Bihara Plant was not foreseen in the Second Five-Year Plan for Indian economic development, payments for it will be made during the Third Five-Year Plan.

Along with Czechoslovakia's deliveries of full equipment some kinds of equipment for the industrial projects under construction in these countries are produced by the domestic industry of these countries, which is of great importance for the development of their economy. For example, a part of the equipment for the sugar mills which are being built in India with Czechoslovakia's help is to be delivered by India's industry. India's part is increasing.

The deliveries of full equipment by Czechoslovakia to economically underdeveloped countries and the opening of credits to such countries on conditions favorable for them help to do away with the colonial inheritance of the economically underdeveloped countries more quickly.

Another fact demonstrates the sincere desire on the part of Czechoslovakia to help bring about the quicker growth of the economically underdeveloped countries: to such countries she delivers equipment for industrial enterprises which would produce goods of which Czechoslovakia herself is an exporter on a large scale (for example, equipment for sugar and textile mills and for shoe factories).

The imperialist countries in rendering so-called economic help to the underdeveloped countries pursue quite different aims. In fact the purpose of their help is the perpetuation of the underdeveloped countries as agrarian-raw materials' appendices to the metropolitan territory and they try to slow down the economic development of such countries. Sometimes this is recognized even in official documents. Thus, in the Report of the Consultative Committee (USA) for the study of underdeveloped countries of the world, 1953, we read: "It is necessary to support leaders of the underdeveloped countries so that they do not hurry with fashionable plans of industrialization... Our help in financing the development of these countries should be directed at the expansion of production and processing of raw materials and food products..."(2) The former United States Secretary of State Dean Acheson, speaking of the so-called American help to the economically underdeveloped countries frankly stated that "the United States does not pursue any philanthropic aims but acts in its own interests."(3)

As is well known, in recent years a number of underdeveloped countries, trying to obtain the most favorable conditions for concluding contracts with foreign countries began widely to apply a system of bids, forbidding the importation of more or less large amounts of equipment outside of this system of bids. Large firms of industrially developed countries participated in such bids. Many such bids were won by Czechoslovakia. For example, in the United Arab Republic, Czechoslovak firms won bids for the construction of a shoe factory and petroleum refineries and this in spite of the competition of the firms of the Federal Republic of Germany, the United States, and Italy. This fact is of special importance because the deliveries of the equipment of petroleum refineries up to that time were a monopoly of the western firms on the world market.

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(2) G. Olden, "The United States over Latin America." Foreign Literature Publishing House, 1956, p. 48.

(3) "Department of State Bulletin," February 4, 1952.

The Czechoslovak Republic, as other countries of the socialist camp, carries on trade with economically underdeveloped countries at world prices freed from the speculative changes and sharp fluctuations of business cycles. In order to emphasize the full importance of this circumstance for the economically underdeveloped countries we have to remember that on the world market capitalist monopolies in their pursuit of maximum profits artifically create a gap between prices of raw materials and agricultural products (and the economically underdeveloped countries are the main exporters of such products) on the one hand and prices of industrial products (exported mainly by the economically developed capitalist countries) on the other. Frequently under such conditions the prices of some raw materials and agricultural products fall on the world capitalist market below world average prices while the prices of industrial products, on the contrary, rise above the average world prices. As a rule capitalist countries make their mass purchases of commodities at prices below the world market prices. As it was noted at the 24th Session of the Economic and Social Council of the United Nations Organization, the artificially perpetuated gap between such prices negatively influences the realization by the underdeveloped countries of their programs of economic development and the domestic economic situation of those countries. On the world capitalist market the existing gap in prices of industrial and agricultural products is one of the characteristic features of colonialism.

In a number of cases Czechoslovakia conducts trade with the economically underdeveloped countries on the basis of long term treaties and agreements. Trade on the basis of such long term treaties and agreements contributes to the economic growth of the underdeveloped countries, ensures for a long period that they can obtain from Czechoslovakia various machines and equipment necessary for the development of their national industry and guarantees a stable market in Czechoslovakia for the goods they export.

In the strengthening and expansion of the economic ties between the Czechoslovak Republic and economically underdeveloped countries an important part is played by the establishment of personal contacts; the participation of Czechoslovakia in international and national fairs and expositions; the organization in the economically underdeveloped countries of technical servicing centers, the task of which is to familiarize their business circles with the technical characteristics and uses of Czechoslovak machines and equipment, the export potential of the machine building industry of Czechoslovakia and also to study the peculiarities of the market demand of such countries.

Czechoslovakia renders scientific and technical help to the economically underdeveloped countries. It aids them with the construction of technological and power projects, assemblage of the equipment, commissioning operation of construction projects, carrying out geological surveying work, and training specialists in those countries as well as in the Czechoslovak Republic. Czechoslovakian specialized designing organizations carry out extensive designing work for a number of underdeveloped countries. For example, the "Hutni Project" is designing metallurgical and rolling steel works for India, the United Arab Republic, Lebanon, Argentina, Pakistan, and other countries. The Czechoslovak Bureau for Designing Water Purifying Works is designing canalization and water purifying equipment for the cities of the United Arab Republic and Cuba. At India's request Czechoslovakia is delivering technical documentation for lime kilns.

The collaboration of the Czechoslovak Republic with economically underdeveloped countries is also going on in the field of training personnel, of which the latter have a great shortage, especially in connection with carrying out industrialization. Such collaboration is realized through the sending of Czechoslovakian specialists to those countries, trips of the specialists of those countries to Czechoslovakia to obtain experience in enterprises and research institutes, as well as through the training of students from the economically underdeveloped countries in Czechoslovakia where they are given scholarships.

At the request of the United Arab Republic and Afghanistan Czechoslovakia sent them such specialists as geologists, machine tool operators, road builders, surveyers and specialists in the food, shoe and glass industries as well as physicians. India sent its specialists to Czechoslovakia to get practical experience at the metallurgical works. Specialists from the United Arab Republic and Afghanistan improved their training at Czechoslovak light industry and food industry enterprises.

Capitalist countries which are guided above all by the interests of monopolies occupy quite a different position in the field of training technical cadres for economically underdeveloped countries. In this respect the position of the Federation of British Industries is significant: it voiced opposition to the training of engineers from the underdeveloped countries in those branches of industry which produce goods competing with British industries.(4)

The scientific and technical collaboration of Czechoslovakia with economically underdeveloped countries, as a rule, is carried out on the basis of corresponding bilateral agreements. In 1956 Czechoslovakia concluded agreements concerning scientific-technical collaboration with Egypt and Yemen and agreements concerning the rendering of technical help to Ceylon, Sudan and other countries.

The Czechoslovak Republic also renders help to economically underdeveloped countries through the United Nations: it contributes to the UN Fund for Technical Assistance to Underdeveloped Countries, participates in the work of special committees of the UN etc. Czechoslovakia was elected a member of the UN Committee for Technical Assistance four times. In 1954, 1955, and 1957 it contributed 1.5 million koruny to the UN Fund for Technical Assistance and in 1958 its contribution will amount to an additional 5 million koruny. In 1956 this contribution paid for the organization in Czechoslovakia of a seminar for forester specialists from the economically underdeveloped countries and for granting scholarships to the members of the seminar, while 15 specialists in electric power from the member countries of the Economic Commission for Asia and the Far East made a trip to Czechoslovakia for the purpose of familiarizing themselves with developments there. The Czechoslovak Republic delivered various apparatuses and equipment for education and research institutes of the United Arab Republic, Burma, Lebanon, Ceylon, Chile and other economically underdeveloped countries.

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The Cairo Conference of solidarity of the countries of Asia

(Continued on Page 70)

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(4) "Training Overseas Engineers as an Aid to Future Exports," London, 1954, p. 3.

A. Kozlov:

Some Attempts to Distort the Facts Concerning the Development of the Soviet Economy

One of the basic problems attracting the attention of the bourgeois economists are the rates and the characteristics of development of the USSR's national economy, and especially the rate of growth of Soviet industry. Many bourgeois economists studying the Soviet economy are compelled to recognize that the USSR's economy is being developed at a rapid rate which is higher than the rate of economic development of any capitalist country. Thus, at an international scientific conference in Milan (September, 1955) an English economist, P. Wiles, stated that the Soviet economy has been developing at a high rate never observed in the western countries. A French economist, B. De Jouvenel, frankly declared: We believe that it is hopeless to deny the very rapid growth of Soviet industrial production.(1) Even more significant was the statement by H. Roberts, director of the Russian Institute at Columbia University, in his book "Russia and America": "...The Soviet Union has expanded at a significantly faster rate, both industrially and in gross national product, than has the United States in almost all years since 1928, the start of the Soviet planning era, and even faster than the United States did during the period of the latter's exceptionally rapid growth from 1860 to 1900."(2) In a special report published by the Joint Economic Committee of the US Congress in 1957 it was also noted that the growth rate of Soviet industry is presumably double the industrial growth rate of the United States.(3) A. Bergson and other prominent economists in the United States, Great Britain, France, and other capitalist countries made similar statements.

It is becoming more and more difficult for bourgeois science and propaganda to pass over the obvious advantages of the socialist planned economy. Some bourgeois economists, against their wishes and with many reservations have come to recognize a number of strong points of the socialist economy. Thus in a substantial volume "Comparative Economic Development" by R. Blodgett and D. Kemmerer (United States) they recognize that the socialist Soviet economy does not know cyclical fluctuations and the extremes of competition. The experience of the Soviet Union, declare the authors, proved that it is possible to carry out economic planning and on this basis to remove and mitigate some of the defects and weaknesses inherent in capitalism and achieve considerable economic progress."(4) The prominent American "expert on Russian affairs," F. Schuman in his recently published book "Russia since 1917" highly praised the Soviet planning methods and noted that "the Soviet scheme of socialized enterprise works extraordinarily well."(5) In the paper mentioned above P. Wiles in seeking the causes for the successes of Soviet industry, specifies in particular such advantages of the "communist system" as a planned economy, the possibility of maintaining a high rate of capital investment, the absence of obstacles to the introduction of new technique and the wide application of competition in production.(6) Wiles even suggests that the Western countries borrow many elements from the economic experience of the USSR. Similar advice is contained in Schuman's book.

Yet, at the same time, the remarkable victories of socialism in the USSR, the successes of socialist construction in the people's democracies as a rule find a negative and even distorted reflection in the works of the bourgeois economists. Usually they try to minimize and sometimes to deny the achievements of the Soviet Union in the field of economics. Under existing conditions, when the perspective of the victory of socialist countries in the economic competition with capitalism becomes more and more evident to millions of workers in the capitalist countries, the bourgeois newspapers consider it more and more dangerous to recognize "objectively" the tremendous advantages of the economic system of socialism in regard to the rate of economic development. It is exactly for this reason that one may observe increasing attempts on the part of some bourgeois economists to declare that the advantages of the socialist countries over capitalist countries in the rate of economic development are a myth. This tendency received its well known expression in the report of the prominent British economist C. Clark at the above mentioned international conference at Milan. In his report, under the sensational title "The Soviet Crisis," Clark attempts to prove that the "uncritical current opinion that the USSR, the economy of which is developing at a rate impossible for western countries, inevitably will overtake the United States in the per capita level of production, is baseless." He frankly shows anxiety over the fact that the "myth" of the advantages of the Soviet method of industrialization appears "attractive" to the peoples of underdeveloped countries. Clark even criticizes the American bourgeois economists, in particular A. Bergson and G. Grossman, declaring that they "offer on the whole uncritical second hand materials" and exaggerate the rate of the USSR's economic development. It is characteristic that in his paper he gave up his former calculations which reflected the high rate of development of the Soviet economy, even if partially. A number of prominent bourgeois economists supported Clark.

It is well known that the difference in the rate of development between the USSR and capitalist countries is very great. This may be seen from the data on the following page.

Trying to deny the incontrovertible fact of this tremendous difference in the rates of growth some bourgeois economists offered their own indices. Two basic methods were used by them. In one of them the "Soviet scale" was used, that is, Soviet prices but with various corrections. For example, the American economists G. Grossman and N. Yasny tried in their own way to value the new kinds of products, taking as a base the level of prices of 1926-27, while C. Clark used the Soviet prices of 1937.(7) D. Hodgman (of United States) built an index of Soviet industrial production based on prices of 1926-27, weighted by the amount of wages paid by different branches of Soviet industry in 1934.

Average Annual Rate of Growth of Industrial Production in the USSR and in the Main Capitalist Countries (in percentages)

	USSR		Capitalist Countries		
	Entire industry	Large-scale industry	USA	Great Britain	France
During forty years (1918-1957)	+10.0	+11.4	+3.2	+1.9	+3.0
Of which					
during twelve years (1918-1929)	+6.9	+9.7	+3.0	+1.2	+7.9
During eleven years (1930-1940)	+16.5	+18.0	+2.1	+2.1	+2.2
During five war years	-1.7	-1.5	+9.8	. . .	. . .
During eleven postwar years (1947-1957)	+15.9	+16.5	+4.7	+4.5	+7.7
During eleven prewar and eleven postwar years (that is, for 22 years, excluding war years) — 1930-1940 and 1947-1957, averages	+16.2	+17.2	+2.9	+3.3	+2.6

The second method of calculating the industrial production index is based on the use of American prices for various products, such as the well known calculations of A. Gershenkorn who recalculated the index of growth of Soviet heavy industry in American dollars of 1939, and of G. Block, staff member of the United States State Department who used average annual prices in the United States in 1925-1934. Differences in these methods are reflected in their results: "corrections" of the Soviet index figures vary from several per cent to 30% and up to 50%. It must be observed that even those bourgeois economists who use the same method of calculations ended with different results as to the rate of the USSR's industrial growth. This should cause no astonishment. Calculations of bourgeois economists are based mainly on "expert assumptions" and various "approximations" or, better, arbitrary assumptions. It is characteristic that these "exercises," as a rule, led their authors to the conclusion that the rate of growth of USSR production considerably exceeds those of the bourgeois countries.

A number of bourgeois economists, with the help of various falsified calculations and devices, try to undermine the indices of Soviet industrial production in terms of volume based on 1926-27 prices. They hoped that by taking a different base for the USSR index of industrial production, the advantages of the Soviet socialist economy in the rate of industrial development would disappear. But these hopes were not realized. Beginning with 1950 the index of USSR industrial production by volume is no longer calculated on the basis of 1926-27 prices. During the Fifth Five-Year Plan the comparable prices used were wholesale prices of January 1, 1952 (the figures for 1950 and 1951 production were recalculated according to these prices). Now the constant prices are taken as of July 1, 1955. This new point of departure reflects present economic conditions which changed considerably during the five-year plans. The calculation of a single dynamic statistical series reflecting the rate of growth of Soviet industrial production is carried out by a link method. As is well known, in spite of the use of the new system of prices the rate of growth of Soviet industrial production continues to exceed the rate of industrial growth of the main bourgeois countries considerably: during 1950-1955 USSR industrial production increased on the average by 13.3%, in the USA by 4.2%, in Great Britain by 3.4% and in France by 6.3%.(9) In 1956 the USSR's industrial production increased by 11%, in 1957 by 10%. It is characteristic that in the second half of 1957, as compared with the first half, industrial production increased almost by 11% and in the first quarter of 1958, as compared with the first quarter of 1957, by 11%. In the capitalist countries industrial growth was sharply slowed down. In the United States it is falling under the influence of the economic crisis. Thus it appears that the high rate of the USSR's economic development does not depend upon the use of some particular method of calculation, but depends upon the undeniable superiority of socialism.

In their attempts to construct their own indices of Soviet industrial production the bourgeois economists allow the grossest distortions in their calculation of the volume of machine building production which produces goods of many kinds, and this makes it difficult to select representative products. The distortion of the machine building data which is the leading branch of the Soviet industry with the highest rate of growth, naturally, greatly distorts the general index of the whole industry. Their methods are especially unsuitable for the analysis of the Soviet economy, developing at a high rate, when the typical assortment of goods is frequently changed. Moreover bourgeois economists are ready to introduce "corrections" which are unjustifiable even on the basis of their own methodology. For example, a British economist Seton, refusing to use the arbitrary corrections of Hodgeman, but using his own method, obtained data close to the Soviet official figures. In view of this he came to the conclusion that "the use of 1926-27 Soviet prices, from a theoretical point of view, is not a serious obstacle for the purposes of international comparisons of the rate of industrial growth."(10) It is also admitted in the above-mentioned report to the Joint Economic Committee of the United States Congress, that Soviet statistics on the whole are sufficiently authoritative and useful for the purposes of analysis.

The calculations of A. Gershenkorn, mentioned above, are basically wrong. He builds his index on the comprehensive inclusion of heavy industry products of five branches (machine building, ferrous metallurgy, petroleum industry, coal mining and power production.) As one may see, with the exception of machine building, he took branches with relatively similar products but not having original data he could not determine the assortment of products and grades with any degree of accuracy even for these branches. As to machine building, all estimates were made arbitrarily, being in the nature of guesstimates. Moreover, in his calculations he used the price system that was in existence in the United States in 1939 which reflected the value relationships and business conditions characteristic of the US capitalist economy and is completely unsuitable for the construction of an index of Soviet industrial production. He himself was compelled to recognize "the relativity" of his method in view of the "distance of the point of observation" from the object of observation.

One may read frequent predictions in bourgeois economic literature of the coming sharp slowing down of Soviet economic development. In connection with this, prognoses concerning the future progress in the economic competition of two economic systems are offered. In the most generalized form tnese prognoses are given in the book mentioned above: "Trends in Economic Growth." The general conclusion of this study is: in the next twenty years the absolute gap between the total volume of production in all branches of the national economies of two countries would not only not be narrowed, but would grow wider, even though the rate of the economic growth of the USSR may be somewhat higher than in the United States. At the basis of this conclusion lies the following reasoning: the rate of growth of the Soviet economy as a whole would not exceed 4.5-5% a year, while the rate of growth for the United States will be 4% (calculations were made on the basis of American 1953 prices).

What is the basis for these predictions of the bourgeois economists? They hope that the USSR will experience a shortage of labor power, that the rate of growth of labor productivity will not be high — not more than 4% per year, and that capital investments for the development of production will be reduced. But these prophesies of the bourgeois economists are based on their wishes rather than on facts. First of all, their theoretical theses are completely groundless. Marxist economic science has convincingly proved the fallacy of the abstract thesis of the "theory of declining rates of growth." Socialist reality lends no support to this theory. Lowering the rate of economic development in capitalist countries is caused not by the action of a mythical law of falling rate of development, but by the action of the objective economic law of capitalism which at the stage of imperialism and especially during the period of its general crisis became an obstacle to the development of the social production forces. While the socialist system of economy is on the rise, the capitalist social economic system is on the decline. This was fully proved by the whole historical development of society. The socialist economy of the Soviet Union is being developed and will continue to be developed at a high rate because the inner contradictions, inherent in capitalism, are alien to it. The prognoses of bourgeois economists are refuted by the data of the actual rate of production growth (the figures are given above) as well as the data of the actual growth of labor productivity. The predictions of bourgeois researchers concerning the lowering of the rate of labor productivity in the future, especially in industry are arbitrary. It is known that labor productivity in Soviet industry in 1957 was 2.2 times the level of labor productivity in 1940 and approximately 9.5 times higher than in 1913, in spite of the shortening of the work day. In 1956 labor productivity in the USSR amounted to 726% of the 1928 level. And these rates of growth of labor productivity remained stable and high as may be seen from the following tables:

Average Annual Rates of Growth of Labor Productivity*

USSR	1928-1955 + 7.35	USA	1920-1955 + 1.4
	1950-1955 + 7.6		1950-1955 + 3.0

* See "The Countries of Socialism and Capitalism in Figures" [in Russian], p. 57.

The concrete proofs of the partisans of the theory of declining rates of growth are also groundless. The realization of the measures which are being taken by the Soviet Government for a sharp upsurge of agriculture, further development of the kolkhoz regime and reorganization of the MTS will result in a considerable growth of labor productivity in the villages on the basis of the constantly growing mechanization and electrification of agriculture. This will increase the yields, expand the production of agriculture and livestock products, and free reserves of labor power for work in industry and construction. Great reserves for the growth of labor power are formed through the increase of labor productivity in industry and construction as well as through the reduction of personnel in administration.

In 1957 labor productivity in Soviet industry increased by 6.5% and in construction by 10%; in the second half of that year labor productivity increased, as compared with labor productivity in the second half of 1956, by 7.2% in industry and 11% in construction. In the first quarter of 1958 labor productivity in industry as compared with the first quarter of 1957 increased by 7%.

Such are the facts. It is true, as we have seen, facts do not trouble the bourgeois economists, too much; they are masters of statistical falsifications. However, life develops according to laws peculiar to it and not according to prognoses of "critics." The constant growth of labor productivity in the USSR is based on rapid technical progress, on comprehensive development of science, expansion of the training of highly skilled scientific-technical personnel, improvement of living conditions and the constant rise of the material and cultural level of the Soviet people. As is well known, in respect to the level of labor productivity the Soviet Union has overtaken Great Britain and France and is catching up with the United States.

The high rate of growth of labor productivity in all branches of the national income is a guarantee of the rapid developmen of the Soviet economy, the basis of the inevitable victory of the Soviet Union in peaceful competition with the United States In his report to the Jubilee Session of the Supreme Soviet of November 6, 1957, Comrade N. S. Khrushchev unfolded a great perspective of communist construction in the USSR. In the coming 15 years the key branches of Soviet industry will grow from two to three times. "The calculations of our planners show," said Comrade N. S. Khrushchev, "that in the next 15 years the Soviet Union may be able not only to catch up to, but to overtake the present volume of production in the United States in the most important commodities. Of course, during that period, the economy of the United

Rates of Growth of Workers' Labor Productivity in Soviet Industry in terms of Five-Year Plans* (kolkhoz industries not included)

The first 5-year plan (1932 as per cent of 1928)	The 2nd 5-year plan (1937) as per cent of 1932)	Three prewar years of the 3d 5-year plan (1940 as % of 1937)	War years and the 4th 5-year plan (1950 as of 1940)	5th five-year plan (1955 as per cent of 1950)
141	182	133	137	144

* See "Industry of the USSR," a Statistical Abstract [in Russian] Gospolitizdat, 1957, p. 25.

States may also go ahead. But if we take into consideration that the rate of growth of our industry is considerably higher than the rate in the United States, we may consider the task of overcoming the United States in the shortest historical period in peaceful competition quite realistic and realizable."

The actual process of development of the Soviet economy has nothing in common with the prognoses of the bourgeois economists mentioned above. Actually in our plants we discover newer and newer inner reserves for the growth of labor productivity and the growth of production. The overhauling of the system of management in industry and construction and greater and greater development of local initiative serve as a great impetus for this. It is not without reason that beginning with the second half of 1957 an acceleration of the rate of growth became noticeable. The process of specialization as an important factor in the acceleration of the economy's growth may serve as an example. Everyday we see how the rate of technological progress is accelerating, how the effectivity of capital investment is increasing, how new technology is being applied. The rapid growth of geological surveying, the exceptionally great scope of application of chemistry, the great upsurge of agriculture — all this expands the raw material basis of industry. Capital investment is increasing tremendously. All this is proceeding in quite a different manner than it should according to the prognoses of the bourgeois economists. Some of them — with reservations — recognize the successes of Soviet heavy industry, but assert that the Soviet socialist regime has demonstrated its inability to develop agriculture, light industry and housing.

Such proofs were presented in particular in a number of reports at the conference of the leading American "specialists in the Soviet economy" in New York in 1952. For example, an American "specialist in Soviet agricultural economics," L. Volin, denied the possibility of considerable growth of agricultural production in the USSR in the next 10 to 20 years and announced that any assumptions of an increase of state investment in agriculture and an increase of material stimulation for peasants are "unrealistic." I. Kershow and V. Timoshenko, agreeing with L. Volin, proved "with figures" that the Soviet Union had exhausted the possibilities of expanding its sown area through opening up uncultivated lands.(13)

Soviet socialist reality completely refuted the fabrications of bourgeois propaganda. As is well known, a steep upsurge of all branches of agriculture and above all of grain production and livestock breeding is taking place in the USSR. It is enough to cite the following facts. In the last four years the Soviet state invested 75.4 billion rubles in agriculture or ten billion rubles more than during the second, third, fourth and three years of the fifth five-year plans taken together (in comparable prices). During 1954-1956 36 million hectares of virgin and fallow lands were brought under cultivation. The volume of agricultural production has considerably increased: in the last four years the gross production of grain has increased by 27% (as compared with the preceding four years), the gross crop of potatoes by 14%, of vegetables by 39%, of sugar beets by 37%, of flax for fiber by 91%, of raw cotton by 13%. The production of meat, considering also the increase in the number of cattle, increased during the same period by 38%, while it increased almost by 80% on the collective and state farms. The production of milk in the Soviet Union creased by 50%, that of the collective and state farms increased twice. Though the percentage of people occupied in agriculture was reduced almost by half compared with the prerevolutionary period, agricultural production for the market increased several times: the production of wheat for the market increased five times, of raw cotton, sunflowers and vegetables — six times, of sugar beets and potatoes — almost three times. Now a new movement is spreading throughout the country: to catch up with the United States in per capita production of meat, milk, and butter in the near future. And yet the high rate of growth of agriculture is ensured not through lowering of the rate of growth of heavy industry, but through its rapid development. The successes of socialist industrialization allow agriculture to be supplied with increasing numbers of new, more up-to-date machines: production of tractors increased from 98.7 thousands in 1952 to 163.4 thousands in 1956 (in physical units); the production of corn harvesting combines increased during the same period 111 times. During 1954-1957 agriculture received from industry 908,000 tractors (in terms of 15 hp tractors), 293,000 grain combines, 143,000 silage and corn harvesting combines, 467,000 trucks, 684,000 tractor drills. USSR agriculture now has 1.7 million tractors (in terms of 15 hp tractors), 660,000 trucks and more than 450,000 grain combines.

The creation of a first rate industry made it possible for the Soviet people to undertake the solution of the problem of how to obtain a steep upsurge of all branches of the economy directly connected with agriculture, and this resulted in a further increase of the material and cultural level for the Soviet people. Real wages of manual workers and office workers in the USSR increased by 39% between 1950 and 1955. Since that time a further considerable rise of popular consumption has taken place. Housing construction is going on on a tremendous scale. Which capitalist country can show such results? In one year, 1955, USSR light industry produced ten times as many goods as the light industry of Tsarist Russia in its best year. During the same period the gross production of the food and beverage industry increased six times, goods for cultural purposes and household appliances increased 35 times.

Those bourgeois economists who recognize to some degree the economic successes of the USSR cannot pass in silence the question as to what caused these successes. Larger and larger numbers of people in all countries of the world begin to understand that the basic cause of the USSR's successes is the socialist character of its national economy which is completely subordinated to the interests and needs of the Soviet people. The ideas of socialism penetrate the consciousness of the peoples of the world more and more deeply. That is why bourgeois science tries to prove that the successes of the Soviet economy do not demonstrate any advantages of socialism over capitalism. In this connection we observe two tendencies in present bourgeois literature.

The first tendency appears in the attempts to bring the economic development of the USSR and of the capitalist countries into some general scheme and to reduce all specific, special features of the development of the particular countries mainly to the differences in political institutions. Thus an American professor, J. Adams, in his book "Competitive Economic Systems" states that the joining of the mass of men and equipment for the purposes of using the great possibilities inherent in modern technology and management technique or industrialization is a common feature of all modern economic systems.(12) A similar tendency to emasculate the specific social features of the USSR's economic development and to invent "general" laws and schemes are characteristic of the book of the Western German economist W. Hofmann: "Where Is the Soviet Economy Going?"(13) Hofmann attempts to present the USSR's economic and political history as one of the variants of the process inevitable for each country, a transition from onesided agricultural economy to an harmonious industrial-agricultural economy. The USSR, in the process of this transition, according to Hofmann, passed through a period of accelerated industrialization and this, in his opinion, constitutes the specific feature of the Soviet economic development up to recent times. Here Hofmann cites the well known "general scheme" of historical development, invented by one of the vulgar bourgeois economists, a precursor of the German historical school, F. List. A long time ago Marxian economic science demonstrated the falsity of this scheme based on the failure to understand various types of production relationships, of objective economic laws in different social economic formations which are dissimilar in principle. The resurrection of this old vulgar conception by bourgeois economists indicates the difficult situation in which they find themselves now.

Close to this school of bourgeois political economy are the ideas of the British bourgeois "expert" on the Soviet economy A. Baykov who in his book "The Development of the Soviet Economic System"(14) asserts that the economic achievements of the Soviet Union are a result not of the socialist system but of its enormous resources. Because of the geographic and natural-climatic conditions these resources, according to Baykov, could be utilized only with the help of modern technique and only "historical causes" prevented their significant utilization in Tsarist Russia. Baykov does not want to see the social-economic factors which in reality did not allow Tsarist Russia to utilize its resources to a fuller degree.

The Soviet people, under the guidance of the CPSU, is successfully building a communist society. The flowering of the economy and culture of the USSR, the achievements of the people's democracies in building socialism, the growth of the might of the world socialist system — all this objectively demonstrates the correctness and vital power of Marxism-Leninism, the superiority of socialism over capitalism. The attempts of bourgeois science to distort the grandiose picture of Soviet economic development reflect the fear of the imperialist groups of the victorious march of socialism, their attempts to put obstacles in the way of this march. But even the most adroit bourgeois propaganda is powerless before a real science, before authentic socialist reality.

FOOTNOTES

(1) "The Soviet Economy," London, 1956, pp. 28, 73.

(2) H. Roberts, "Russia and America." New York, 1956, p. 54.

(3) "Soviet Economic Growth: A Comparison with the United States," Washington, 1957, p. 37.

(4) R. Blodgett, D. Kemmerer, "Comparative Economic Development." New York, 1956, p. 392.

(5) F. Schuman, "Russia since 1917." New York, 1957, p. 332.

(6) "The Soviet Economy," pp. 29-32.

(7) These calculations are mentioned in a special paper "Trends in Economic Growth" prepared by the Staff Committee of Joint Economic Committee of the United States Congress and the Research Division of the Library of Congress ("Trends of Economic Growth. A comparison of the Western Powers and the Soviet Bloc" Washington, 1955.)

(8) See "Countries of Socialism and Capitalism in Figures" [in Russian]. Gospolitizdat, 1957, p. 54.

(9) "Problemes economiques," July 3, 1956, No. 444, Paris.

(10) A. Bergson (ed.). "Soviet Economic Growth." New York, 1953, pp. 253, 254, 283, 297.

(11) J. Adams, "Competitive Economic Systems," New York, 1955, p. 470.

(12) W. Hofmann, "Wohin steuert die Sowietwirtschaft?" Berlin 1955.

(13) A. Baykov, "The Development of the Soviet Economic System." Cambridge, 1946.

B. Astakhov, L. Voznesensky, F. Volkov, A. Yudkin:

Questions of Commodity Production and the Law of Value under Socialism

(A scientific conference in the Lomonosov Moscow State University)

In January 1958 in the Department of Political Economy of the economics faculty of the Lomonosov Moscow State University a scientific conference was held on problems of commodity production and the operation of the law of value under socialism. In the work of the conference teachers of economic disciplines in Moscow universities, scientific workers of economic scientific-research institutes and graduate students took part.

The following reports were presented: Assistant Professor I. I. Kozodoev on "The Necessity of Commodity Production and the Operation of the Law of Value Under Socialism," Assistant Professor A. V. Bachurin on "The Law of Value and Problems of Price Formation in the Industry of the USSR," Professor Z. V. Atlas on "The Law of Value and the Problem of Profitability of Production Under Socialism," and Professor S. K. Tatur on "The Law of Value and Cost Accounting."

In his report, I. I. Kozodoev noted that the social division of labor is the basic, necessary condition of commodity production. But the direct cause of the existence of commodity production lies in the relations of a definite form of property. The form of property in the means of production conditions the social content of the commodity and of value. The law of value operates in different property systems. What is general to this law in all systems is the measurement of labor expenditure indirectly, and not directly through labor time, and in the regulation to some extent, through this law, of production and circulation or only of circulation.

In dealing with the methodological principles of analyzing commodity production under socialism the speaker stated that the question of the necessity of commodity production must be solved first of all for that kind of socialist structure under which all means of production and all items produced are the property of the whole people. Such an abstraction is justifiable; such a socialism is theoretically conceivable and practically possible.

With the existence of a single form of property owned by the whole people, in the opinion of the speaker, the necessity for the commodity form of the product disappears. As V. I. Lenin noted, already under imperialism the commodity form of production is in fact undermined by the pervading socialization of labor. Socialist nationalization completes this breakdown on a national scale and the means of production cease being real commodities, that is commodities in their essence. I. I. Kozodoev does not agree with those economists who feel that state property includes within it a requirement for the commodity form of production and that this requirement is caused by the need for material stimulation of workers and enterprise collectives. Material stimulation can be accomplished in non-monetary form; cost accounting is itself based on the law of value and not the other way around. The transfer of articles of consumption from property owned by the whole people to personal property also does not require the maintenance of commodity-money relations.

The only reason for the existence under our conditions of commodity relations currently is the interrelationship between two forms of property. The output of kolkhozes, sold through several channels, products sold by the state to kolkhozes and abroad, and articles of mass consumption made available to the population through sale, acquire the form of commodities, and the labor embodied in them acquires the form of the value of the product. As far as the means of production circulating within the state sector are concerned, these are not commodities. However, this does not mean that they do not have value. The law of value also operates in the production of means of production. Workers engaged in production acquire necessary articles of consumption as commodities for money. The law of value operates on all of socialist production through value. The value of means of production, emphasized I. I. Kozodoev, is not formal, but actual, real. Denial of the value of means of production inclines to weakening cost accounting, gives rise to a voluntarist attitude to the category of price and leads to arbitrariness in such a vitally important sphere as price formation.

A. V. Bachurin, in his report, stated that the maintenance of commodity production under socialism is conditioned by those aspects of production relations which are characteristic of the first phase of communist society. Therefore it would be incorrect to explain the presence of commodity-money relations from the character of the property owned by the whole people or from private property since these forms of property will also exist under the higher phase of communism. Nor can the maintenance of commodity production be explained by the particular level of material-technical development of production since commodity, value, and price are economic categories conditioned first of all by the social nature of production.

The existence of commodity production and its integral attribute, value, in the opinion of Comrade Bachurin stem from the existence of two forms of socialist property and the level of development of social labor which under socialism becomes the means to life.

A. V. Bachurin considers as incorrect the view of some economists that one may not view the character of social labor and its peculiarities under socialism as one of the features of the maintenance of commodity production. Academician K. V. Ostrovitianov, for example, evaluates such a position as an accounting-distribution position. However, the problem of social labor is considerably broader than the problem of accounting and distribution. The category of social labor reflects not only the relations of distribution but also the relations of production.

Commodity production under socialism already has some of the features of non-commodity production and this refers particularly to the production of means of production. But one must not deny the general commodity character of the means of production. In this connection the speaker criticized the position of I. I. Kozodoev who thought that the means of production, although not commodities, have value. A. V. Bachurin recalled Engels' proposition that the only value known to political economy is the value of a commodity.

Then the speaker went on to the problem of price formation. He noted that price as the form of value is not a passive accounting category called on to express exactly, in monetary terms, the expenditure of socially necessary labor. Price embodies in itself the powerful regulating influence of the basic economic law of socialism and the law of the planned development of the national economy, that is, the specific economic laws of socialist society. But the deviation of prices from values must not be excessive. Too great a gap between price and value reacts negatively on the development of the economy. Therefore, practical tasks in the sphere of price formation are of great importance. It is necessary to ensure a greater correspondence of prices to the actual values of commodities, gradually to eliminate existing differences in the price levels of the means of production and of consumer goods, and also to eliminate other defects in this sphere (the absence of a necessary correspondence in the prices of interchangeable means of production, violation of the principle of uniform prices on analogous means of production, etc.).

Comrade Bachurin noted that it is not necessary now to indiscriminately increase prices on the means of production. The gap between the prices of means of production and articles of consumption will be eliminated gradually as the profitability of heavy industry increases and retail prices are lowered. The decisive condition for such a narrowing of the price gap must be a lowering of prime costs of production.

The speaker finds unacceptable the proposal of Comrade Liberman to establish, as a state task, an average indicator of profitability over a series of years instead of the task of lowering prime costs. The planning of prices and the profitability of production can be improved only on the basis of the planning and accounting of prime costs of production.

Under the conditions of a planned economy, A. V. Bachurin stated further, prices must be established on the basis of average social, not individual, value and must be uniform for the most important means of production and consumer goods. He proposed that wholesale prices be determined from prime costs plus the optimum net income of the enterprise calculated in relation to average-branch prime costs. In this situation the level of net income cannot be identical in all branches of industry. Retail prices have special peculiarities and are established by taking into account demand and supply.

In conclusion the speaker discussed the question of liquidating the unprofitability of enterprises and strengthening the economic levers which promote the expansion of socialist production.

Z. V. Atlas in his report noted that the essence of profit as well as other categories connected with the law of value (wages, costs of production, credit, etc.) change fundamentally under conditions of socialism. This is reflected in the role and significance of profit under socialism, in the manner of its creation, distribution and utilization. At the same time we can and must distinguish those features of the creation of profit in the process of production and the methods of increasing it under capitalism which in certain cases retain their significance under socialism and sometimes acquire even greater significance than in capitalist society. Profit is not the aim of socialist production but the aim of production under socialism is achieved more fully and better the greater the economies in the expenditure of social labor, both living and embodied labor, on the production of goods and the more effective is the utilization of production funds and circulating funds. This is conditioned by the great, although not self-sufficing, importance of the profitability of production. Under conditions of fulfilling the plan for the volume and assortment of production, the profitability of production must become a synthetic qualitative indicator of the work of the enterprise. Each enterprise must strive to increase profits.

Analyzing the practice of struggling for the increase of profitability in our industry during the post-war years and the condition of profit planning, the speaker noted a number of defects in this sphere. Under the existing system of cost accounting and the organization of the finances of the enterprise, profit is directly connected with the price of the enterprise and with the prime cost of production. Therefore the enterprise is interested in lowering prime costs. At the same time the utilization of the fixed capital of the enterprise is very weakly expressed in the size and level of the profit received and the utilization of circulating capital is not expressed at all. Thus, under the current organization of cost accounting the fulfillment of the plan for prime costs and profit does not express all the possibilities of utilizing hidden reserves of accumulation within the industry.

The source of actual accumulation is not only a reduction in prime costs but also a relative decline in the amount of production funds and circulating funds, a quickening of their turnover. Therefore profit must be calculated and planned not only as a percentage of the prime cost of output but also in percentage of the fixed and circulating capital of each enterprise and branch. The level of profit calculated in this way would be a real indicator of the profitability of production.

On the basis of the level of profit calculated from all-union data the "cost accounting price"(as distinct from the full price, including the turnover tax) for the output of each branch, each economic region, and each enterprise can be planned. Under the proposed method of planning profits and sales prices for the output of enterprises, the actual profitability of the latter would be in inverse relationship to the prime costs of production and the volume of fixed and circulating capital and in direct relation to the speed of their turnover. The profitability of production and the financial condition of each enterprise will depend on the rational conduct of economic activity on all fronts: in fulfilling the planned volume of production of goods, in lowering prime costs, in the relative decline of the amount of production funds and the maximum speeding up of their turnover.

The problem of the rational utilization of fixed and circulating capital cannot be solved by the simple introduction of additional indicators of the work of the enterprise. A synthetic indicator is necessary which would be connected with the material reward of the personnel of enterprises. We now have the enterprise fund from which the collective of the enterprise receives material rewards when the profit plan is fulfilled and over-fulfilled. Profit must be organically connected with the utilization of all reserves of accumulation within the industry. In the opinion of the speaker the proposed principle of determining the planned level of profit in relation to the sum of fixed and circulating capital meets this requirement. This principle is already fairly widely applied in economic practice.

S. K. Tatur, in his report, characterized cost accounting as a method of planned leadership of the work of socialist enterprises and economic organs and showed the interconnection between cost accounting and the law of value. This interconnection is reflected in the fact that in the system of cost accounting value categories are utilized and the economic relationships between cost accounting enterprises are expressed in monetary form. The operation of the law of value is limited with us by the law of planned, proportional development of the national economy. This causes a certain contradiction. One such manifestation, in the opinion of the speaker, appears in practice when an enterprise attempts to produce more "advantageous" products in terms profitability at the expense of less "advantageous" products.

Comrade Tatur considers that the method of utilizing the fixed capital of enterprises under the existing system of cost accounting is not yet sufficiently based on the utilization of the law of value. This is expressed, first of all, in the fact that the financing of new capital investment is conducted independently of the production results of the work of the enterprise (or is only slightly dependent on these). Secondly, losses from the liquidation of fixed capital up to the time when it is amortized do not affect the current profitability of the work of the enterprise. Thirdly, up to now the problem of the accounting procedure for the obsolescence of the means of labor has not been solved. Fourthly, monetary evaluations of different types of fixed capital are far from always being comparable and this results in the noncomparability of the significance of amortization in the sum total of expenditures on production. The speaker emphasized that it is necessary to find that kind of economic tool which would make it possible to link up the system of finances with the methods of evaluating the utilization of fixed capital.

The method of utilizing circulating capital corresponds to a sufficient degree with the existing system of cost accounting although even here there are possibilities for better utilizing the operation of the law of value. In particular, in the opinion of the speaker, there is no need to pay an interest rate on the accounts of state enterprises opened for them at the State Bank. It is necessary to improve the system of financial sanctions, to link up the indices of the profitability of the work of enterprises not only with the cost of production, but also with the magnitude of circulating capital norms and with the value of the fixed capital attached to enterprises. For the purpose of heightening the struggle for reducing prime costs unproductive expenditures and losses must not be included in the prime costs of production but should be treated spearately as deductions from received profits. It is necessary to increase business-like responsibility for these losses by partially recouping them from the enterprise fund, deductions from premiums and so on.

The suitability of a wider utilization of a system of accounting prices which would permit a flexible maneuvering of financial resources was emphasized in the report. In connection with problems appearing in the sphere of specialization and cooperation in industry the speaker proposed that prices of semi-finished goods processed at specialized enterprises should be established below the prime cost of semi-finished goods which were processed earlier by nonspecialized plants. In this case, price, as an economic tool, would more actively promote the development of specialization and cooperation.

Further, Comrade Tatur noted that the State Bank has considerable possibilities for expanding the sphere of utilization of credit for the modernization of equipment which is a more flexible method than financing such expenditures from the budget, and strengthens control by the ruble over the effectiveness of modernization. For the purpose of improving the practice of granting credit in this sphere the speaker proposed that economies from measures financed by bank credit not be touched by the Ministry of Finance prior to the loan repayment from these economies.

More than 20 people participated in the discussion of the reports.

G. N. Khudokormov, in his presentation, stated that the equivalence of exchange is one of the most important requirements of the law of value. However, this requirement is realized only at the level of the national economy as a whole in the form of the correspondence of the sum of prices to the sum of the values of commodities. Insofar as the prices of individual commodities are concerned they may deviate from values. The law of value is the regulator of prices under socialism but this regulating role is limited by the conditions of socialist production, by the planned establishment of prices. The basis of planned price must be the average planned prime costs in the branch. Net income must be distributed in proportion to this prime cost.

Comrade Khudokormov feels that it would be expedient to shift from multiple prices for agricultural products to single prices built on the principle of purchase prices. Here, at the basis of price must be placed the average planned prime cost of production of kolkhozes which conduct their economic activity under relatively unfavorable circumstances. In connection with this it is necessary to conduct considerable work in improving the differentiation of prices.

F. P. Koshelev criticized the position in I. I. Kozodoev's report on classless socialism. Socialism based only on state property does not exist and cannot be conceived even theoretically since at the basis of socialism there are two forms of property expressing definite class relations.

Agreeing with the view of Comrade Kozodoev that commodity production in our country is basically connected with the existence of two forms of property, Comrade Koshelev noted, however, that it would be incorrect to see the reason for the existence of commodity relations in our situation only in the presence of kolkhoz production. The state form of property also creates the necessity for commodity production because of the existence at the present stage of development of socialism of the social division of labor with its peculiarities, the attained level of productive forces, and a certain isolation of economic units. Therefore, in the socialist economy all products appear as commodities, but our production is a commodity production of a special type, the essence of which must be thoroughly disclosed.

Comrade Koshelev criticized the position of I. I. Kozodoev that the products of state enterprises, although not commodities, have value.

In the view of M. V. Kolganov the general reason for the existence of commodity production in different societies is the character of labor, not in the sense of the degree of its socialization (this aspect has no bearing on the matter) but as a necessary means to life. Insofar as the forms of property are concerned, they determine only the character of commodity relations. Under communism when labor loses its character of being only a necessary means to life and becomes the first requirement of human beings, commodity relations will disappear.

In dealing with problems of price formation M. V. Kolganov proposed to base the planning of prices on prime costs and the average relationship of the surplus product to fixed and circulating capital, that is, on "prices of production." The utilization of "prices of production" would place all enterprises in the same conditions of reproduction, would provide a better criterion for the planning of prices and a firmer basis for cost accounting. However, emphasized Comrade Kolganov, the reconstruction of the price system in accord with the proposed principle must be approached very carefully.

N. V. Khessin noted that some economists understand value to mean only the expenditure of socially necessary labor on the production of commodities, and the utilization of the law of value to mean the planning of prices in accord with the expenditures of social labor. It is indisputable that the objective basis for the planning of prices under our conditions is the calculation of the expenditure of social labor. This extremely important criterion for the national economy must be strictly observed and utilized in price policy. But to call this economic process the utilization of the law of value is incorrect, in the opinion of Comrade Khessin. In essence, what are involved here are completely new economic phenomena inherent only in the socialist method of production.

It is generally recognized that value refers not only to the expenditure of social labor but also to social relations. It has quantitative and qualitative characteristics. Both of these aspects appear in unbreakable unity, engendered by the same causes, and they cannot be separated. Abstract labor as the substance of value and socially necessary labor as the determinant of the magnitude of value are possible only under conditions of market competition, the free play of prices, the free flow of labor and the means of production from one sphere to another. If this real process does not exist, neither do the conditions for the existence of value. Value is an historically determined social method of measuring the expenditure of labor on the production of commodities under conditions of a spontaneously developing society.

A planned socialist economy negates all of these enumerated prerequisites. The only exception is the kolkhoz market where certain elements of the operation of the law of value are retained.

To the extent that the conditions for the existence of value are not present for the socialist economy as a whole, to that extent the law of value under socialism cannot operate and in particular it cannot direct production. The form of commodity-money relations and value levers retain their significance until the triumph of communism but these value forms and levers are utilized here not in accord with the requirements of the law of value but in accord with the requirements of the law of the planned development of the national economy.

Academician K. V. Ostrovitianov, in opposition to Comrade Khessin, stated that the loss of some features of commodity production and the law of value which were inherent in them under capitalism does not at all indicate the disappearance of commodity production. Commodity production has existed over the course of many social structures and in each of these it had specific peculiarities which depended on the production relations basic to the given society. The presence of these specific peculiarities by no means signified the absence of the general features of commodity relations in the different social structures. The socialist method of production introduced the greatest of changes in commodity relations but the presence of some essential peculiarities of commodity production under socialism does not provide any basis for denying the very fact of the existence of commodity production.

It is also incorrect to cite the fact that Marx and Engels did not foresee the existence of commodity-money relations under socialism as evidence of the imaginary surmounting of commodity production under socialism. Marx and Engels posed this question for the long-run future and assumed other conditions of socialist construction than those which developed in our country and in other countries of the world system of socialism. Therefore to apply their prognosis to our reality would be incorrect. We must see what is new, what is being accomplished before our eyes.

Comrade Khessin and some other economists, denying the presence of commodity production under socialism, cite the words of Lenin to the effect that the products of socialist factories, exchanged for peasant food, cease being commodities in a political-economic sense. But Lenin spoke of this during a period when a transition from war communism to direct product exchange was being contemplated. Later, noted Comrade Ostrovitianov, Lenin revised this proposition and posed the question of the transition to large-scale trade. Therefore one cannot apply these words to support the denial of commodity production under socialism. Lenin's pronouncement on the dialectics of the transformation of value into product retains its significance for the higher stage of communism.

Criticizing the report of I. I. Kozodoev, K. V. Ostrovitianov stated that it is incorrect to hold that the level of productive forces has no relationship to an explanation of the necessity of commodity production and to view only the division of labor as a condition of commodity production. The growth of productive forces is a necessary pre-condition for the appearance of the social division of labor and the appearance of commodity relations in the womb of the dying, primitive-communal structure. It is with a high level of productive forces that the classics of Marxism-Leninism connected the disappearance of commodity production in the higher stage of communism. The social division of labor is more than the simple condition for the existence of commodity production but is the basis for the two-fold character of the commodity and the labor which creates it. Marx pointed out that in the totality of heterogeneous use values there appears the social division of labor. Lenin viewed the division of labor as the basis for the development of commodity production.

In examining the problem of commodity production one cannot abstract from the two forms of property which constitute the specific peculiarity of socialism as distinct from communism and start from one form of property owned by the whole people. Such a socialism does not exist in a single country and, in all probability, will not. In economic analysis we must start by generalizing the practice of socialist construction in the USSR and the people's democracies and not from some kind of assumptions that have no place in actual reality.

Comrade Ostrovitianov subjected to criticism Comrade Kozodoev's view that the means of production, although not commodities, have value. Under conditions of capitalism there are certain cases in which objects, although not having value, take the form of commodities and have a price, as land, for example. But there has never been, in history, value without a commodity since value is one of the aspects of a commodity in contradistinction to use value. The attempt to separate value from a commodity leads to the transformation of value into a non-historical category inherent in all social systems including the higher stage of communism.

In presenting his point of view on the reasons for the existence of commodity production under socialism Academician Ostrovitianov stated that two features must be considered here: the social division of labor and the presence of certain forms of property. The commodity character of the means of production under socialism is explained by the unity of the socialist economy and the interconnection of state property with other forms of property existing in the given socialist country, within the socialist camp as a whole as well as in the two camps of socialism and capitalism. Comrade Ostrovitianov emphasized that the commodity character of the means of production is also determined by the requirements for the development of state property. State property presupposes a method of combining labor power with the means of production such that the relations between the state and the enterprises belonging to it as well as the economic connections among state enterprises are built on the utilization of the factor of material self-interest which requires compensation for each enterprise equivalent to the expenditure of embodied and living labor. From material self-interest itself one cannot derive the necessity for commodity production. Material stimulation can be realized in a natural form. But under conditions of commodity production material stimulation is realized chiefly in a commodity-money form.

Within the totality of property relations of socialist countries private property in objects of consumption also enters. The purchase and sale of consumers goods signifies their transfer from state, cooperative-kolkhoz or private property of collective farmers to the private property of workers or employees and represents typical commodity relations. Private property under socialism cannot be identified with the corresponding category under communism insofar as it will exist under different economic circumstances with the presence of a single communist property and the absence of commodity relations.

Commodity relations between enterprises belonging to a single owner exist not only under socialism but also under conditions of capitalism in those cases where corporations, trusts, and concerns own a multitude of enterprises not only within a country, but abroad.

Academician Ostrovitianov emphasized that one cannot derive commodity relations from the character of labor since it is not the character of labor which determines the form of property but the form of property which determines the character of labor. The categories of commodity production under socialism, despite the statements of Comrade Khessin, exist objectively and they cannot be ignored in the practice of communist construction. This applies to abstract labor, socially necessary labor time and so on. It is through commodity circulation that additional verification of the extent to which the planned distribution of labor and the means of production between branches and particularly of the objects of consumption correspond to the needs of society is accomplished.

D. D. Kondrashev emphasized the positive significance of the system of prices that has been created in the USSR and at the same time noted some of its important defects. The chief of these, in his opinion, is the absence of an objective economic criterion of price.

Comrade Kondrashev thinks that at the basis of determining the level of prices there should be placed the principle of distribution of profits in proportion to planned prime costs. As a result of this an "averaged value" will be derived which can serve as the basis for price formation. The use of "averaged value" would also ensure the measurement of the effectiveness of the utilization of enterprise funds. The proposed principle is not without some defects but, in the view of Comrade Kondrashev, it is an improvement over the existing procedure of price formation and is more acceptable than the principles of price formation proposed by some other economists (constructing prices according to values, according to the price of production).

Z. S. Katsenelenbaum did not agree with comrade Atlas' proposal to introduce an index of planned standardized profit. He thinks that three indices are needed: prime costs, the turnover of circulating capital and the utilization of fixed capital characterized by the output of gross production per thousand rubles of basic funds during the year.

E. S. Gorodetskii devoted his presentation to problems of calculating the prime costs of kolkhoz production. The accounting of prime costs must provide the possibility of analyzing and comparing the results of the economic activity of kolkhozes and state farms, of solving problems of specialization in agriculture and of realizing a correct price policy. The value of agricultural products is uniform both for kolkhozes and state farms and has a uniform structure with the same relationship between necessary and surplus labor. In connection with this it is justifiable to use average actual wages of state farm workers to value the labor day in calculating prime costs as the Institute of the Economics of Agriculture proposed.

E. Ia. Bregel criticized I. I. Kozodoev's position that the means of production are not commodities but have value. Such a separation of value, which is one of the integral properties of a commodity, from the commodity itself is methodologically and essentially incorrect. A commodity (if we take what is in general inherent in it under different methods of production) is that kind of a product of social labor which is transferred from production to the sphere of consumption by means of exchange and not through direct distribution. Exchange is the transfer of a product as a commodity and the receipt for it of an equivalent in the form of a commodity or money. If we agree with this basic proposition then we must recognize that not only objects of consumption but also means of production are commodities under socialism insofar as they are transferred from one socialist enterprise to another not through direct distribution but by means of exchange.

Under conditions of socialism, Comrade Bregel stated further, state property belonging to the whole people not only has certain interrelationships with cooperative-kolkhoz property but also has some specific features and peculiarities which distinguish it from the whole people's property in the higher stage of communism. Some elements of the whole people's property are attached to individual socialist enterprises which are in charge of the means of production under the control of the socialist state. Under such conditions the necessity for commodity production arises both from the presence of two forms of socialist property as well as from the character of the people's property itself in the first stage of communism, from its special nature which is manifested in the interrelationships between different state enterprises. The economic connection between the latter can be realized only by means of the exchange of products as commodities. But this does not mean that commodity exchange within the state sector is conditioned by cost accounting. The law of value and cost accounting have one basic foundation here — the character of labor in the first stage of communism as a means to life and the necessity of material stimulation connected with it.

L. A. Vaag stated that the denial by Comrade Kozodoev of the necessity for observing equivalence in the utilization of the law of value is a substantial theoretical error. If we will not observe equivalence in exchange then our enterprises will have losses. In the process of production we must know what the full expenditures of labor are and be able to determine them correctly.

Comrade Vaag expressed himself in favor of calculating labor expenditures according to the scheme of prices of production. In his opinion this principle makes it possible to determine labor expenditures not from the point of view of one enterprise or one branch but from the point of view of the whole society and makes it possible to take account of differences in the technical equipping of living labor.

V. G. Lopatkin stated that state enterprises under socialism are the owners, users, of the whole people's means of production. Value represents the social expenditure of labor which takes the form of a social relationship between the owners of commodities. Because of these circumstances the relationship between state enterprises is a cost accounting relationship according to the principle that self-repayment and exchange between them is not a formal but a real exchange connected with the equivalent reimbursement by one enterprise for the expenditures of another. For this reason the law of value operates here. But insofar as this is not a relationship between different owners there is no necessity in the exchange to reimburse all labor expenditures, that is, to realize the full value of the product; it is sufficient to reimburse only the expenditure of basic and circulating funds and for the enterprise to receive some amount of profit.

The deviation of prices from values of the means of production is a normal phenomenon. The maintenance of low prices for the means of production does not signify the loss of part of net income for society since it is realized through prices for objects of consumption. Retail prices are not increased as a result of this but only their structure is changed.

Comrade Lopatkin expressed doubt concerning the expediency of a transition to the determination of prices according to the principle of prices of production. He thinks that such a system of price determination would serve to hinder technical progress.

A. Ia. Koshelev noted that socialism does not give rise to commodity production but utilizes historically inherited forms of commodity-money relations. It utilizes them because in the transition period from capitalism to socialism there are not created the economic circumstances which would permit, under socialism, the realization of direct planned accounting of social labor, direct social control over the production and distribution of material goods without the utilization of the commodity-money form. But here the categories of a commodity economy express different economic processes based on socially-owned socialist property.

The commodity under socialism has ceased being a form of economic relationship between individuals participating in social production (if we exclude the kolkhoz market trade) but it has remained as a form of economic relationship between combined socialist producers — the state, kolkhozes, and cooperatives. Insofar as the labor of workers of the kolkhoz sector is socialized only within the limits of the given kolkhoz, commodity exchange between the state and kolkhozes as well as between kolkhozes themselves is necessary. Therefore, relationships between enterprises of the state sector are also conducted in the commodity form.

The law of value under socialism has received a new content, has acquired new specific functions. These functions are realized under conditions of the operation of the law of the planned development of the national economy. Thus, the categories of commodity production utilized by the socialist state express completely new economic processes. From the previous categories it is chiefly the form, the external appearance, that has been retained.

I. A. Viazmin discussed the question of how to interpret V. I. Lenin's position that the product of a socialist factory exchanged for peasant food ceases to be a commodity in a political-economic sense. In the opinion of Comrade Viazmin, Lenin in speaking of a commodity in a political-economic sense had in mind the commodity as an expression of the economic relations of private commodity producers. In this political-economic sense we can here speak of commodity relations only among private peasant households and artisans. But in the relations of these economic units with state and cooperative enterprises the commodity loses its previous content.

Commodity relations under socialism are also connected with the existence of auxiliary household plots of collective farmers, workers and employees. Insofar as these household plots are fundamentally distinct from small-scale private economic activity the content of commodity relations here becomes fundamentally new.

In the opinion of Comrade Viazmin we also have a particular form of commodity relations conditioned by the method of distributing income in kolkhozes. Collective farmers receive part of their income in kind. The products they receive can be sold on the market. To the extent that payment in kind is replaced by monetary payment this form of commodity relations will disappear.

The indicated forms of commodity relations are thus not basic and will gradually die away. The basic forms of commodity relations are determined by the two forms of socialist property in the means of production. The cooperative-kolkhoz form of property creates a certain economic distinction among the cooperating producers which, with the existence of the social division of labor, inevitably requires commodity exchange among them as well as between them and enterprises of the state sector of production. In this exchange the product is no longer a commodity in the earlier political-economic sense, but it is still a commodity, namely a commodity of socialist production.

Under socialism workers and employees acquire articles of personal consumption by means of purchase for money, as a result of which these commodities become their private property. But since there are no relations here between different owners of the means of production these relations of purchase and sale must be viewed as commodity relations of a special type.

The relations between state economic organs, in the opinion of Comrade Viazmin, are not commodity relations since these are not relations between different owners of the means of production. However, this does not negate the necessity to utilize commodity-money relations in the state sector.

I. P. Minaev identified himself with those economists who propose establishing prices according to the prices-of-production scheme. He thinks that the level of profits must serve as the chief criterion of the activity of enterprises.

In the opinion of I. L. Marinko it is incorrect to hold that the law of value contains within itself several requirements. The law of value requires only one thing; that commodities be exchanged in accord with the expenditures of socially necessary labor, that is, in accord with their values. It is also incorrect to assume that the law of value is always the regulator of production and from this to derive the conclusion that the law of value disappears if it ceases to be such a regulator.

In discussing problems of price formation in state farm production Comrade Marinko stated that the principles of cost accounting are most in accord with prices which express the full value of output in state farms since the whole product directly receives a value expression and state farms are then able to compare production expenditures with the full value of output produced. If prime costs, and not value, are placed at the basis of price then a distorted picture of the degree of profitability of the enterprise may be created. However, under present conditions it is impossible to establish prices of state farm products in accord with their values, particularly because state farms acquire their most important means of production from the state at prices which are below values. Comrade Marinko expressed the view that it would be expedient to establish uniform delivery prices for state farm output instead of the existing regionally differentiated prices.

A. I. Yudkin held that since the contradiction between private and social labor, the basic contradiction of commodity production, is eliminated with the triumph of socialism, socialist production ceases to be basically a commodity type of production. This signifies that the products of socialist enterprises, including both means of production and objects of consumption, are fundamentally no longer commodities in the main but appear directly as social use values. As a result of this, value loses its chief specific quality and because of this ceases to be a regulator of production.

Commodity money forms are retained and still play an important role but they are subordinated to the goals of socialist production and have become means of realizing the economic laws of socialism. The reasons for the retention of these forms are the remains of the old social division of labor which gives rise to a certain economic isolation of producers — individual workers and collectives.

B. M. Mochalov noted that under socialism there exists a social division of labor with an internal social separation of the property of producers into two forms of socialist property. Therefore, commodity production is retained under socialism but it has special peculiarities in comparison with previous stages in the development of commodity relations.

The elimination, under conditions of socialism, of the rule of market spontaneity, the transformation of commodities and money into tools of planned socialist construction have created the foundation for the economic process of the gradual transformation of the commodity into a product. Labor power, land and its mineral wealth have ceased to be commodities. The decisive means of production have already, under the conditions of socialism, to a considerable extent been transformed from commodities into products: they have lost such important characteristics of a commodity as a change of owners, isolation of commodity producers and the spontaneous rule of the market. But their transformation into products has not been completed since, owing to the unity of the process of expanded reproduction, the commodity relations existing under socialism influence and penetrate the state sector. Objects of consumption retain the greatest commodity character under socialism insofar as their movement in the process of exchange is completed by means of a change of the owner. But their economic circulation in the national economy is also free from market spontaneity and is planned by the socialist society.

A. Ia. Boiarskii stated that the quantity of labor incorporated in different products can be determined through the aid of calculations of prime costs. But for this it is necessary that wages correspond exactly to the quantity and quality of the labor of the worker, and prices of the means of production to their prime costs.

E. C. Rozenman supported the position in the report of Comrade Kozodoev on the possibility of analyzing socialist production relations from the point of view of only one form of property owned by the whole people. Even before the full triumph of communism it is possible to have one form of property. But Comrade Rozenman thinks that I. I. Kozodoev is incorrect in his position that the only reason for the existence of commodity production under socialism is the relations between two forms of property. The real reason, in his opinion, lies in the character of labor. Consequently, commodity relations can exist independently of whether one or two forms of property exist.

Labor under socialism is directly social in the sense that it is planned for the society as a whole. Other features of directly social labor have not yet developed. Therefore, individual expenditures of labor can become indices of directly social labor only by going through a complicated social process of the reduction of concrete labor into abstract labor, and of complex labor into simple labor. That is why the means of production are just as much commodities as are objects of consumption.

Comrade Rozenman finds the proposal of some economists to establish prices on the basis of prices of production as unacceptable. Fixing prices according to this principle, in his view, does not solve the problem of technical progress. Technical progress is stimulated not by inter-branch price relationships but by the relationships between prices and costs of production and the corresponding system of cost accounting.

P. A. Skipetrov agreed with the view of I. I. Kozodoev that the reason for the retention of commodity production is the existence of two forms of property in the means of production. In such an approach to this problem the character of labor is not excluded from the analysis and what is important here is not the characteristic of labor as a means to life but the peculiarity of directly social labor connected with the degree of its socialization. It would be incorrect to consider the character of labor as the primary reason for the retention of commodity production and to consider property relations of secondary importance or not to consider them at all. The social character of labor as an important element in production relations can be understood first of all by basing the analysis on the ruling property relations in the means of production.

Comrade Skipetrov thinks that, because of the unity of the process of socialist reproduction, the means of production acquire a commodity form and have real value which constitutes the social relations of production and not only a certain quantity of social labor. Therefore, their prices must be established in accord with the magnitude of value and by taking into account the requirements of specific economic laws of socialism.

I. I. Osmakov, in his presentation, spoke of the need for a concrete, historical approach in the examination of the problems of commodity production under socialism.

P. S. Mstislavskii noted that to pose the question of the existence of the cover of the commodity without commodity relations violates Marxist methodology. Commodity-money relations are themselves a definite form of production relations. Under socialism, commodity relations encompass the basic part of the production of the means of production.

Comrade Mstislavskii opposed the proposal to utilize prices of production in the selection of variants of capital investment. In his view this is equivalent to the use of the mechanism of the law of the average rate of profit existing under capitalism. The existing system of prices, stated Comrade Mstislavskii further, suffers from serious defects. But one cannot affirm, as does Comrade Kondrashev, that it has no objective economic basis. In the USSR two levels of prices have come into being. The level of prices in Department I is lower than that in Department II. The relationship between these price levels is conditioned by objective factors and cannot be arbitrary. The existence of a dual-level system of prices leads to a situation in which the relationships between the prime costs of different commodities more or less correctly express the relationships between their real values.

N. C. Spiridonova stated that commodity production under socialism is connected with the retention of the remains of the old division of labor and the isolation of property relations. However, it is necessary to see the historical character of the commodity, the dialectical transformation of commodity production into non-commodity production. In developing, commodity relations prepare the conditions for their own qualitative transformation into non-commodity relations.

Criticizing the position of Comrade Kolganov, N. C. Spiridonova stated that labor as a means to life cannot be the reason for commodity relations because in this form it is a permanent and natural condition of the existence of society. Historical phenomena cannot be explained by permanent categories. Comrade Spiridonova noted further that in our conditions use value has acquired an independent national economy significance. At the same time we must utilize value categories more fully.

Corresponding Member of the Academy of Sciences of the USSR A. I. Pashkov expressed disagreement with the position of I. I. Kozodoev that the means of production, produced and consumed at state enterprises of the USSR, are not commodities but have value. The means of production are commodities. Under conditions of the rule of social ownership the transfer of the product from one owner to another cannot be considered a necessary feature of a commodity. Social ownership of the means of production distinguishes commodity production and the operation of the law of value under socialism from commodity production in other societies but does not explain why commodity production exists in the socialist society.

Comrade Pashkov stated that the criticism of the so-called accounting conception explanation of the operation of the law of value under socialism was basically correct. However, in abstract discussions of the "reason" for the existence of commodity production under socialism we have frequently underestimated the practical significance of the law of value for the accounting and comparison of expenditures of social labor.

In discussing the principles of price formation in the USSR Comrade Pashkov noted that neither the currently used method of calculating profits as a certain percentage of prime costs, nor the method of calculating an average rate of surplus product for all branches proposed by Academician Strumilin, nor the method of calculating an average rate of profit on the production funds attached to enterprises proposed by some economists, fully solve the practical problems of price determination. Each of these methods has its advantages and defects about which much has been said in the press and in oral discussions. In Comrade Pashkov's opinion the proposal of Academician Strumilin can be used to approximately determine the magnitude of the value of the product but it would be incorrect to necessarily establish prices of all products in accord with their values. The proposal to calculate a type of price of production for industrial commodities is not to be opposed on grounds of principle since it is not a matter, of course, of transforming the price of production into a regulator of the development of our economy. But from the practical side this method of determining prices is far from being perfect.

V. N. Cherkovets examined the problem of the relations between the categories of "form of property" and "social character of labor." In economic literature and in discussions on commodity production these categories are frequently contrasted with one another. However, in essence there is no basis for such a contrast. When the matter being considered is the main line of historical development, then the character of social labor appears as the "forerunner" of a definite form of property. For example, in primitive society common labor called forth communal property. Under capitalism the social character of the process of production develops and comes into conflict with private property, which gives rise to the necessity for replacing it by social ownership. But at the same time a different formulation is correct: the form of property determines the character of labor. Arising on the basis of a certain character of labor, the form of property itself penetrates the whole system of social labor and imparts to it a corresponding social content. Therefore, we must not contrast the form of property with the character of labor but reveal the whole complex of interconnections characterizing actual property relations.

Comrade Cherkovets did not agree with the position taken in the report of I. I. Kozodoev and supported by some other comrades that in the analysis of commodity relations it is necessary to proceed from the commodity to value and not vice-versa. If we recognize that value is the essence of a commodity then this proposition loses all meaning. The view that Marx in "Capital" proceeded in this way does not correspond to reality, in the opinion of Comrade Cherkovets. Marx begins not with the commodity but with the commodity in its manifestation as a unity of use value and exchange value. From exchange value he proceeds to labor and only through labor arrives at value. Only at the end of this analysis Marx defines a commodity as a unity of use value and value.

B. B. Plyshevskii noted that the law of value under socialism is not the only, or even the main, regulator of prices. If it was, then it would also be the regulator of production. Comrade Kondrashev's position that the current price system does not have an objective criterion is incorrect. This criterion exists and consists of wholesale prices of commodities being planned on the basis of prime costs with the addition of a certain rate of profit and retail prices of objects of consumption being planned on the basis of prime costs of production and the conditions of their realization by considering demand and supply.

N. M. Tupikin stated that commodity production would be retained under socialism, even with the existence of a single form of property owned by the whole people, for as long as labor remains a means to life.

N. A. Tsagolov noted that the Marxist concept of the difference between the appearance and essence of phenomena applies not only to pre-socialist societies but also to socialism. Therefore, the argument that the commodity, in the proper sense of the word, exists here because the appearance of the commodity exists is, in itself, not convincing. There are other, weightier arguments which confirm that commodity relations under socialism are not simply appearances but economic relations which exercise an essential influence on socialist production.

Some economists express the view that, at first, it is necessary to investigate the nature of property, on this basis to explain the reasons for the existence of commodity production, and then to give a characterization of labor. In the opinion of Comrade Tsagolov this sequence of examining the indicated categories is not scientifically justified. Property outside of production relations is not an economic category. The basis of commodity production, according to Marx is private property and the social division of labor. Each of these is, first of all, a certain characteristic of labor. The labor of producers is isolated and at the same time social The contradiction between private and social labor is then, according to Marx, the basis of commodity production. To counterpose the characteristics of labor and property is methodologically incorrect.

N. A. Tsagolov thinks that three functions of the law of value can be distinguished. This law appears as a law of distribution of social labor, a law of increasing productive power of labor and a law of the decomposition of petty commodity production and its transformation into capitalist production.

In our conditions the third function of the law of value has lost its strength. The first function still appears to a certain extent (for example, the distribution of labor among crops in kolkhozes depends to some degree on the prices of the corresponding products; in state enterprises contradictions occur between planned assortment of production and the attempt to produce those articles which are more profitable to the enterprise from the point of view of fulfilling the gross production plan). To the extent that the magnitude of prices exercises an influence on the distribution of social labor among the spheres of production of use value, to that extent the product of socialist production has a commodity character. However, it should be emphasized that the law of value does not determine the process of socialist reproduction as a whole. The latter is determined by the law of planned, proportional development of the national economy and basic economic law. Finally, the law of value appears here as the law of increasing productive power of labor, the law of socially necessary labor.

In any society there exists the problem of including the labor of each individual in the system of total social labor. Under socialism this problem is solved, first of all, by means of the planned distribution of the total labor power of society among different types of concrete labor. In this sense labor under socialism is directly social. However, the quantity of labor which socialist production attributes to each worker is not determined directly by the working time he has expended. It is determined by the quantity of social products produced by him. With equal magnitudes of expended labor but differing productivity of labor two workers can claim different shares of the total social product. Different magnitudes of expended labor can be socially equated. In this sense labor is not directly social.

The law of socially necessary labor is one of the aspects of the law of value and it is this aspect of it that, undoubtedly, finds the strongest expression under socialism.

Thus, it is not only the relations between the production of the whole people and the kolkhoz-cooperative form of production which give rise to commodity-value relations. The basis of commodity-value relations exists within each of these forms.

Concluding remarks were made by I. I. Kozodoev, A. V. Bachurin and Z. V. Atlas. They answered the critical comments of the participants of the conference and presented some additional arguments in support of the positions which they had advanced in their reports.

M. Usik:

A System of Basic Indices Showing the Effectiveness of Capital Investment

In solving problems of the economic effectiveness of capital investments it is extremely important to correctly select and apply indices of effectiveness. Although much attention has been devoted to this problem in the pages of our economic press and various proposals in this sphere have been widely discussed, up to now a generally accepted system of indices has not been created, a methodology of their application has not been sufficiently grounded.

A system of indices of the economic effectiveness of capital investments includes such economic indices as are internally interconnected, arise from one another, express the peculiarity of our economy and provide a complex evaluation of the merits and deficiencies of the variants of one or another technical decision. However, in order to evaluate the effectiveness of concrete capital investments not only a system of indices is needed but a definite classification of them as well as a methodology for applying them. Indices of the economic effectiveness of concrete capital investments can be subdivided into: 1) non-value, or natural-material indices expressed in measures of weight and volume and in labor time, and 2) value or monetary indices.

On the basis of non-value indices there are established natural-material, and by means of value indices, value proportions of the development of the national economy. It is this which determines the necessity of dividing indices into the two indicated groups. Although any of the non-value indices (labor requirements, specific expenditures of social labor and others) may be expressed in monetary units under certain conditions, nevertheless economic circumstances force us to evaluate non-value indices preferably in natural units independently of the possible evaluation of their quantitative significance in rubles. This permits us to distinguish the major indices from among the non-value and value indices, to assign them a preference in those cases where difficulties arise in the choice of variants of capital investment and new technique.

At the basis of a system of economic indices there must lie the idea of the growth of the productivity of social labor. Increasing the productivity of labor is the fundamental problem of socialist economics. Only those capital investments and technical measures which ensure an increase in the productivity of labor per unit of time and a corresponding decline of expenditures of social labor per unit of output can be recognized as economically effective.

But if the productivity of social labor is to be recognized as the major criterion of the effectiveness of capital investment without indicating and revealing those concrete forms in which it appears, this will not promote the solution of problems. The economizing of social labor is one of the tasks of capital investment. For working out a system of indices on the basis of which it would be possible in practice to choose the best decisions, it is necessary to utilize those forms in which the growth of productivity of labor reveals itself.

The productivity of labor, in practice, finds its expression in: 1) an increase of the mass of products or volume of work per unit of time, 2) economies of living labor, 3) economies of previous labor, 4) monetary economies of prime costs, 5) an increase of the profitability of capital investment and 6) a decline in the period of recoupment of capital investments. All of these forms of economizing on social labor are closely interconnected; for example, an increase in output per unit of time is impossible without a simultaneous economizing of labor, and so on.

Under the conditions of a commodity economy the economic effect is inevitably expressed in monetary form. Therefore, together with economizing on living and previous labor in natural form it is obligatory that economies of monetary resources be achieved in the process of carrying out the capital investment and in the operation of the project which follows it.

It is necessary to beware of an incorrect tratement of the form of the economy of social labor. Capital investment and the introduction of new technique are decisive (but not the only) conditions for increasing the productivity of labor. On the other hand, the forms of economizing on social labor cited above express the consequence, the result of the growth in the productivity of labor. Confusing condition with consequence, some authors* view a rise in the productivity of labor as one of the forms of the economic effect along with other forms, as for example the lowering of prime costs. Meanwhile, the lowering of prime costs, as is known, is itself a consequence of the growth of the productivity of labor.

The following must be regarded as basic economic indices of a non-value character arising from a form of economizing of social labor: 1) additional quantity of output in natural form (Q); 2) specific labor requirements (Tv); 3) specific expenditures of previous labor in natural form (Tc).

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* See the article by V. G. Kievski, "On the Economic Effectiveness of New Technique in Construction" ("Bulletin of Construction Technique," 1957, No. 2).

Important indices, but frequently not subject to exact or to any kind of measurement, are quality of output, lowering of spoilage, lightening of the conditions of labor and others.

Here, as in what follows, the question refers to basic indices for evaluating the effectiveness of concrete capital investments. Basic indices should be considered those without whose use the economic evaluation of capital investments in concrete objects and technical measures is impossible or appears incomplete. If necessary, each of the basic indices can be further concretized. Thus, the index of specific expenditures of social labor reflects the whole variety of concrete material resources whose economizing is important for characterizing the effectiveness of capital investments (for example, metal requirements, energy requirements, expenditures of cement, fuel, lumber and so on).

Let us take the index of additional quantity of output. We will designate q as the quantity of the product, tv as the unit of time: hour, day, year. Then the index of the productivity of labor, p, as can be seen, will be derived from the equation: $p = q/tv$

Since one of the aims of the capital investments and the introduction of new technique is to secure a higher output per unit of time, projected p must be greater than socially necessary p_0. The additional quantity of output per unit of time would be expressed as $(p - p_0)\ tv = \triangle q$.

In viewing the index of additional quantity of product as a non-value index we have in mind, first of all, its social utility, and secondly, we base our position on the fact that many types of products in reality are measured in natural or conventional units: metal, coal, cement, car load, glass and so on. If necessary, the index of additional quantity of products can be broken up into a series of derivative indices: 1) an index of return on capital investments; 2) an index of clearing of output per unit of productive area or equipment; 3) an index of output of products per worker and per working person.

Labor requirements per unit are directly connected with the index of additional quantity of products and are determined from the equiation: $t' = tv/q$

Since projected t' must be less than socially necessary t'_0 the economic result of the increasing productivity of labor will be expressed in economies of labor time over the whole of production equal to $\ni = (t'_0 - t')q$.

On the labor requirements per unit of product depend the number of workers, the period of construction, in certain cases the production cycle and a number of other derivative indices.

The growth in the productivity of labor from the social point of view is expressed, as is known, in economies not only of living but also of previous labor. Therefore, it is incorrect to consider the index of specific expenditures of previous labor as subsidiary, the way many economists do. In particular, the authors of "A Provisional Standard Method of Determining the Effectiveness of the Introduction of Technique" permit this error.

Let us designate tc as the absolute expenditure of previous labor in some form on the whole volume of production q. Then, the projected specific expenditure of this labor will be: $Z = tc/q$.

Per unit of output, as compared to the socially necessary norm of expenditures of previous labor Z_0, we have economies equal to $Z_0 - Z$, and for the whole of output: $\ni_c = (Z_0 - Z)q$.

The index of additional quantity of output is the main index of capital investment and new technique. This is conditioned by the fact that under socialism the output determined by the plan regulates production, serves the interests of satisfying the requirements of the whole society, is utilized for establishing natural-material proportions and ensures technical progress. It is in this that the peculiarity of the commodity form of our economy as well as one of the advantages of socialism over capitalism are manifested.

Economizing on living and previous labor serves as a source for increasing the production of material goods. This may be illustrated through many examples. It is known that the industrialization of construction lowers its labor requirements. However, its chief purpose is to quicken the rate at which construction projects are put into operation with minimum expenditures of social labor. On the other hand, separate harvesting of grain increases somewhat the expenditures of labor per hectare of harvesting area but it makes it possible to considerably diminish losses of grain and therefore is economically advantageous. Labor requirements here are subordinate to the task of increasing the output of products. Therefore, it appears to us that I. Kurakov's position, that the main indices for measuring the level of new technique must be only the specific expenditures of living and embodied labor, cannot be accepted as correct.[*]

Among the basic economic value indices there must be included: 1) specific capital investment (Ky); 2) prime costs per unit of output or work (E); 3) profitability of capital investment and new technique (R); 4) the period of recoupment of capital investment (T_0).

The need to enlist these indices is called for by the operation of the law of value, the essence of which, as is known, is manifested in the requirement of equivalence in the exchange of commodities. For this purpose it is necessary that individual expenditures of labor be reduced to socially necessary expenditures. The law of value, although not regulating socialist production, nonetheless exercises a great influence upon the choice of methods of production, the choice of the location of construction, railroad lines, canals, the level of technique, the calculation of the structure of an enterprise under construction, its territory, communications, and so on. The law of value also has great significance in ensuring value proportionality in the development of our economy.

The index of specific capital investment $Ky = K/q$ reflects the amount of monetary resources borrowed in a lump sum from the social fund of accumulation in order to receive a unit of additional output, but not the degree to which production has been saturated by technique. The saturation of production with technique is characterized by the index of specific capital investment, not per unit of output, but per worker.

In order not to be mistaken in evaluating the index of specific capital investments, it is necessary to distinguish between the material mass, cost, and productive capacity of the capital investment. A growth in the material mass of capital investments, if it is expressed in a superfluous quantity and excess volume of buildings, in a refusal to block them off and an enlargement of installations and aggregates, in a stretching out of communications, etc., always leads to an increase of specific capital investments which cannot be economically justified. An increase in the cost of capital investments may also be the result of both an unjustified increase in the material mass of capital investments as well as imperfections in designing decisions and the methods adopted to carry out the work.

A different effect on the index of specific capital investments is exercised by the productive capacity of those instruments and means of labor which compose the material mass of capital investments. It must grow, and ordinarily does grow, more rapidly than their cost and this leads to a lessening of specific capital investments. Thus, if K grows by 20%, and q by 30%, then Ky will be 20/30 = 0.67.

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[*] See "Industrial-Economic Newspaper," 2/3/1956.

But even if specific capital investments are increased without securing in specific cases a more rapid increase in production, this can be justified by a significant decline in the major elements of prime costs and not only of wages in comparison to increased amortization. In connection with this, the proposal to accept an increase in specific capital investments if the growth in annual amortization charges caused by it is less than the economies on wages is unacceptable.* Amortization expenses almost always increase more slowly than expenditures on wages, and per unit of time less amortization is transferred for a unit of output than the new value which is created "for itself" in the form of wages. Economizing on wages in such a situation will be ensured with any specific capital investments.

The prime cost of a unit of output is determined from the equation: $E = Эtv + Эtc)/q$, where $Эtv$ is the total monetary expenses for the payment of all categories of living labor and $Эtc$ is the total monetary expenses for all types of consumed previous labor. Of the indices having a value form the most important, prime costs, is necessary for calculating the value result of capital investments but the level of prime costs in and of itself does not yet express this. The effect expressed in a value form appears as an economy on prime costs and profits. The level of prime costs is determined mainly by productive capacity, the output of capital investment.

In the theory and practice of planning there have been both overestimations and underestimations of the index of prime costs. Some authors propose that in the choice of variants of capital investments we should be guided by minimum prime costs, ignoring original costs. It is impossible to agree with this in any way. First, prime costs depend not only on capital investments but on natural, transportation, and other conditions. Secondly, the releasing of and economizing on capital investments have just as great, if not greater, significance than economizing on prime costs. Third, the operation of the economic law of the steady growth of the productivity of labor is extended to the sphere of capital investments. A maximum of output with a minimum of original as well as current expenditures of social labor is one of the main principles of socialist planning arising from the requirements of this law.

Underestimation of the index of prime costs is expressed by according greatest important to the index of full costs, the full social outlays on production, and ignoring prime cost which is frequently viewed as an incomplete index. Until the principle of cost accounting will have a vitally important meaning, prime costs will be retained as the basis for determining price (which has always been the monetary expression of value) and for evaluating the quality of work of an enterprise. On the other hand, the category of prime costs, as distinct from value, characterizes the relations of not only production but also of distribution, which strengthens its role in planning calculations still more.

Profitability is an economic category expressing the relations between cost accounting enterprises and the state. One of the main elements of this relationship is the obligation of the enterprise to allocate part of its accumulations for general state expenditures. The mass of these accumulations $Эd$ is derived from the simple formula: $Эd = (E_0 - E)q$, where E_0 is the social, cost accounting value (the wholesale price of the enterprise) or the average branch prime costs per unit of output and E is the planned individual prime cost.

With given wholesale-purchase prices, profitability in the most generalized form expresses the extent of growth in the productivity of social labor and all types of its economies in monetary form. Therefore, profitability is the main index of effectiveness of capital investments in concrete objects among the value indices and is on an equal plane with the non-value index of additional quantity of output in the general system of indices.

We must not confuse the position that capital investments must be planned so that they will be profitable with the position that profit is the mover, the goal of production. This distinction is clearly revealed in the well known formulations: production for profit (under capitalism), production for the satisfaction of the requirements of the whole society (under socialism). However, of the different variants for organizing the production of the product needed by society we must choose that variant which, with other conditions being equal, will be the most profitable.

Evaluation of the economic effectiveness of capital investments by the method of recoupment is considered the most debatable. Some writers, in the face of facts, deny the category of recoupment under conditions of socialism. However, life forces us to apply the method of recoupment more and more widely. In reality the expansion of basic funds has two sides: natural-material (expenditure of additional means of production) and value (expenditure of the social fund of monetary accumulation, new value in its monetary form). In the sphere of consumption, the problem of recoupment in essence does not exist; it arises as soon as monetary accumulations are directed toward productive capital investments. This is understandable; in conditions of value relations the constant reproduction of the social fund of monetary accumulations is just as important a premise of expanded socialist reproduction as the constant reproduction of the material elements of accumulation.

By recoupment is meant the reproduction and reimbursement of monetary accumulations utilized for capital investment. To recoup capital investments means to make them profitable. Recoupment is profitability calculated over time. The only source of the recoupment of capital investments is an economy on prime costs and profits. Since monetary accumulations appear, as a rule, as the results of newly applied labor in the current year but are materialized in basic funds over a long period, the question arises: how rapidly will the utilized accumulations be reproduced and returned?

This formulation has nothing in common with the question of the return of the value of basic funds by means of amortization which, as is known, constitutes part of the fund of compensation for consumed means of production.

The well known formula for the recoupment of expenditures, $t = (K_1 - K_2)/E_2 - E_1$, is useful only for determining the period of recoupment of capital investment in different technical measures (for example mechanization and others) which are planned at existing enterprises and construction projects.

Generalizing all the possible cases of this type, we can briefly formulate the basic idea of this formula: a rejection of K will not permit a lowering of E, leaving it at the existing level; on the other hand, economizing on E is possible under conditions of additional capital investments. In all such cases it is theoretically admissible and practically possible to calculate economies by deducting the projected individual prime costs from the individual actual prime costs of the same output.

But this formula cannot be used to determine the period of recoupment of capital investments in planning their distribution between branches of the national economy and new enterprises under construction. Insofar as the enterprise does not yet exist there are no actual prime costs of its production. On the other hand, it is necessary to take into account the average prime costs of analogous output being produced in existing enterprises.

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* See "Problems of Economics," 1956, p. 64 et. seq.

The actual economy on current expenses which serves as the source of recoupment of capital investments in the construction of separate projects will be that which is derived by deducting the individual projected prime costs of production E from the socially necessary prime costs of production E_o and the recoupment formula will take this form: $T_o = K/(E_o - E)q$.

This formula is conditioned by the need to recoup all capital investments in a concrete project. Selecting one of two variants of capital investment in concrete construction projects, basing ourselves on the period of recoupment we obtain the formula: if $K_1/(E_o - E_1)q > K_2/(E_o - E_2)q$, then $T_o' > T_o''$.

In the opposite situation we obtain $T''_o > T'_o$.

As we have already indicated, E_o expresses the socially necessary prime cost or the cost accounting value (price) of a unit of output.

The recoupment period of capital investments must be considerably shorter than the period of amortization of basic funds. This arises from the following economic premise: the value created by living labor per unit of time (day, month, year) is always greater than the value of fixed capital transferred to the product by the same labor in the same unit of time. This is also confirmed by the actual data of our statistics. Thus, for every 100 rubles of prime costs of total industrial production in 1955, 3.3 rubles are the transferred value of fixed capital while the share of wages, part of new value, constitutes 19.5 rubles (not counting the share going for social needs).

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The proposed system of indices of effectiveness of capital investments contains only basic indices the utilization of which is required for the evaluation of any capital investments and technical measures. In each separate case a group of auxiliary indices may be used which, however, do not solve the problem of selecting the variant. The advantage of the proposed system of indicators, in our view, consists in the fact that at its basis lies the dominating idea of the growth in the productivity of social labor; besides this, all the indices in it are interdependent and mutually conditioned and are not accidental indices. This system reflects the peculiarities, the advantages of socialist production and the requirements of the laws of its development. Finally, in this system the main indices are distinguished from among the non-value and value indices, which facilitates an evaluation of the effectiveness of capital investments and new technique.

N. SEMIN

(Continued From Page 53)

Asia and Africa demonstrated the determination of the peoples to struggle against colonialism and imperialist reaction. In this struggle the economic collaboration of the underdeveloped countries with the socialist countries plays a tremendous part. It helps to mobilize the inner resources of the economically underdeveloped countries and expedite the industrialization of their national economy.

Y. Shenger:

The Problem of Financing the Circulation of Commodities

N. Lisitsian, Crediting State Retail Trade in the USSR. Institute of Economics of the Academy of Sciences of the USSR, State Financial Publishing House, 1957, 128 pp.

In the post-war period a number of books have been published in which the principles and practice of organizing the finances of branches of the national economy are examined. In most of these works principal attention is paid to generalizing the existing procedure of organizing finances and crediting.

In the work of Comrade Lisitsian the center of gravity shifts to an investigation of the economic processes occurring in the sphere of crediting trade and a critical evaluation is given of the existing crediting procedure. The author analyzes accounting data of trade organizations in the RSFSR, in particular in Moscow and the Moscow region, as well as State Bank practice of crediting trade organizations in the light of the theory of circulation of resources of cost accounting enterprises. This makes it possible to distinguish, from among the numerous, occasionally contradictory facts, the principal, essential features and to arrive at some conclusions having great importance for the practice of crediting trade.

The first chapter of the book examines the structure and financial sources of the circulating capital of state retail trade. The author writes that "the regularity of the turnover of circulating capital of trade organizations and the basic peculiarities of its separate stages do not depend on the financial sources from which this capital is formed. At the same time, these sources exercise an active influence on the circulation of capital..." (p. 19). On this basis N. Lisitsian was able, further, to reveal some specific peculiarities of the formation of circulating capital in trade.

In characterizing the financial sources of the formation of commodity stocks in retail trade, Comrade Lisitsian devotes a great deal of attention to the problem of credit provided by suppliers. She comes to the conclusion that this source of capital is distinguished from other resources of trade organizations first, in that suppliers' credit enters into trade circulation in a commodity and not in a monetary form; secondly, that in the commodity circulation of an individual trade organization, priority in time belongs to suppliers' credit and not to its own circulating capital or to bank credit. This is explained by the fact that suppliers' credit appears as a financial source serving the original movement of commodity supplies received by the trade organization. Third, in the turnover of trade organizations, suppliers' resources complete their movement not in the form of circulation but in one direction. It is impossible to agree with the last proposition. Of course, suppliers' resources do not fully serve the whole circulation of resources in trade organizations but it can hardly be said that they complete their movement in one direction only. The impression is created that suppliers' resources, entering into the turnover of trade organizations, do not leave it and this, of course, is incorrect. Evidently, in speaking about the peculiarities of suppliers' resources as sources of supplies for trade organizations, the author should have pointed out that they do not serve the whole circulation of resources in commodity form but only part of it, and that the magnitude of this part and its relative importance depend on the relationship between the duration of the circulation of resources in commodity form and the duration of suppliers' credit.

In the same chapter the peculiarity of the participation of bank credit in serving the circulation of resources of trade organizations is shown and the author writes that bank credit for commodity circulation as distinct from the trade organization's own resources is a varying magnitude. Since suppliers' credit serves the original phase of circulation of resources and their own circulating resources are a constant magnitude, all fluctuations in the requirements of trade organizations for resources must inevitably lead to fluctuations in the amount of credit. Here the amount of credit depends not only on the amount of commodity stocks but also on changes in the volume of suppliers' credit. This circumstance is extremely important for the subsequent analysis of the role of credit in serving retail commodity circulation.

The second chapter analyzes the influence of the organization of own resources of retail trade as well as suppliers' credit for trade organizations on bank credit for commodity circulation. Comrade Lisitsian, on the basis of factual material, shows the dependence of the structure of the financial sources of the resources of trade organizations on the speed of turnover of resources. Since with the existing procedure of accounts most trade organizations unavoidably incur debts to suppliers within the limits of a 6-7 day period of turnover, for trade organizations with a rapid period of turnover of commodities bank credit covers only a small part of their requirements for circulating capital. Thus, with a turnover period of 18-20 days, suppliers' credit serves 6-7 days of turnover for trade organizations, 9-10 days are covered by their own circulating capital, and the share of bank credit accounts for only 2-3 days, or 10-15% of the total requirements of resources. As a result of this, with a growth in the speed of turnover of resources or a decline in the volume of commodity circulation, bank credit plays a declining role and in many cases, with a speeding up of the turnover of resources State Bank credit for trade organizations is actually eliminated.

Analysis of the relationships between the three sources of covering circulating capital in trade (suppliers' credit, own circulating capital and bank credit) with different speeds of turnover of resources of trade organizations shows that the share of own circulating capital cannot and must not be the same for different types of trade organizations. A correct relationship between the separate sources of formation of circulating capital in trade may be achieved only by considering the speed of turnover of resources in individual types of trade organizations where the quicker the turnover of resources of trade organizations the greater the share that creditors' advances occupies in them. Therefore, in order to ensure sufficient control by the State Bank over the activity of trade organizations with rapid turnover of resources (first of all, enterprises dealing with food products) the share of own circulating capital of these enterprises must be less than in organizations with a long process of circulation. In one degree or another this conclusion is also of importance for other branches of the economy.

In the third chapter Comrade Lisitsian examines ways of eliminating defects in the planning of financial sources of commodity stocks in state retail trade. In her opinion it is necessary to change the existing procedure of setting norms of circulating capital in trade and shift to setting norms of own circulating capital on the basis of paid-for planned commodity remainders. N. Lisitsian proposes establishing for trade organizations norms of own circulating capital for commodities on the basis of the paid-for part of commodities. This may be accomplished either indirectly, in which case the sum of the unpaid for part of commodity stocks must be excluded from the total sum of the norms for these stocks, or directly, in which case indebtedness to the supplier must be considered in the balance of incomes and expenses as one of the sources for covering commodity remainders along with own resources. The author considers the second method better grounded economically since it provides the possibility of expressing all financial sources serving retail commodity circulation in the balance of income and expenses.

N. Lisitsian's proposal on including suppliers' credit among the sources for covering commodity stocks is correct in our view. In planning the circulating capital of trade the existing practice in which suppliers' credit is not considered or is insufficiently considered leads to the creation of great hidden financial reserves at trade organizations.

In the same chapter the conclusion is drawn that there must be a different approach to trade organizations with different speeds of turnover. The author writes: "It is necessary that the participating percentage shares be differentiated depending on the planned rate of turnover of the principal groups of trade systems." (p. 80). Inclusion in the balance of incomes and expenses of planned indebtedness to suppliers for commodities and changes in the share of own circulating capital depending on the speed of turnover will increase the role of bank credit in the formation of the circulating capital of trade organizations.

In the fourth chapter problems of bank credit for state trade organizations are examined and chief attention is devoted to the realization of the principles of the credit period and repayment of bank credit in financing commodity circulation of retail trade organizations. The author shows in detail how the mechanism of the period of credit is gradually being modified and comes to the conclusion that is now operates unsatisfactorily. The major reason for this is that the bank grants credit to trade organizations for the period of average planned turnover of commodity circulation calculated from the date of actual payment for goods received. Comrade Lisitsian criticizes this procedure and agrees basically with the proposal of Comrade Vavresiuk on the need to pay off credit on commodity circulation by planned payments based on the plan for realizing commodities.* This proposal is at the basis of the experimental procedure for crediting a number of retail trade organizations conducted since 1956.

Interesting comparative data are presented in the book on the results of crediting the same trade organizations on the basis of establishing credit periods in accord with the plan of realization of commodities (as an experiment) and the existing rule of granting credit for the period of planned turnover. A great deal of quantitative data selected by the author testifies that it is more expedient to establish credit periods based on the plan for commodity circulation.

Comrade Lisitsian shows that crediting trade organizations in accord with the period of planned turnover results in some cases in granting greater time advantages than arise by considering commodity circulation. Granting credit for periods based on the plan for realization of commodities makes the payments of trade organizations to the bank approach, to a considerable extent, the actual process of realization. However, the experimental crediting procedure "did not ensure efficient control over the condition of commodity remainders of trade organizations. What is more, it revealed that overfulfillment of the plan for commodity circulation creates a favorable outcome for regulating the special loan account regardless of the amount of uncredited commodity remainders in excess of norms" (p. 118). N. Lisitsian proposes introducing some corrections in the experimental crediting procedure so that the creation of excess commodity remainders will not be permitted.

Thus, N. Lisitsian has raised a number of major problems in the crediting of trade, in particular, the need to differentiate norms of participation of own circulating capital of trade organizations in paying for commodities depending on the speed of turnover of commodities, the correct reflection of creditor's advances in the planning of the financial resources of trade, the elimination of serious defects in the existing procedure of setting the period of credit. However, she underestimates some important features of solving these problems, as for example the necessity of changing accounting procedure for the purpose of diminishing indebtedness to suppliers. True, this problem is touched upon in the book. "The experience of organizations dealing with eac other by means of various forms of specialized accounts," writes N. Lisitsian, "testifies that it is impossible to fully liquidate mutual accounts between trade organizations and suppliers... But since a certain amount of indebtedness to suppliers is regularly formed in the turnover of trade organizations this indebtedness must find expression in the financial plan" (p. 75). But the whole context of the book and in particular the cursory analysis of the practice of applyin specialized forms of accounts suggest that the author underestimates the importance of the struggle for diminishing indebtedness to suppliers. It is impossible to agree with this The possibilities of improving the accounts of trade organizations with their suppliers are still far from exhausted an the experience of consolidating accounts and the rapid development of decentralized accounts in industry testifies to this. Comrade Lisitsian notes correctly that indebtedness to suppliers must be considered in planning the resources of trade organizations. However, she does not clearly formulate the task of further improving the accounts of trade organizations with suppliers.

Comrade Lisitsian's posing of the problem of periods of credit for trade organizations is subject to criticism. The gap between the period of credit and the period of actual turnover of commodities is examined in the book as a defe in the mechanism of granting credit. On this basis the conclusion is drawn that it is necessary to adapt the credit granting mechanism to the actual process of the turnover of resources in trade. In reality this is a more complicate matter. The gap between the period of credit and the perio of actual turnover of commodities is first of all the result of deficiencies in the planning of retail commodity circulation, in particular the fact that the planned turnover of commodities and norms of commodity stocks in the planning of retail commodity circulation are not connected to a sufficient extent with plans of realization. While, in prepa ing annual plans, norms of commodity stocks are more or less in agreement with plans for commodity funds and plan of realization, in establishing quarterly plans of realizatio (and all credit grants for trade are regulated on the basis of quarterly tasks) such agreement, as a rule, does not ex

In the quarterly planning of retail commodity circulation there frequently arise numerous additional features which could not have been considered in preparing the annual plans. Here, the planned turnover of commodities and norms of commodity stocks, as a rule, are not revised. As a result of this, the planned period of turnover for which the State Bank credits trade organizations does not correspond to the actual, and commodity stocks differ considerably from the norms set for commodities. As long as this defect is not eliminated from economic planning, deficiencies in the planning of the finances of trade and in the mechanism of granting it bank credit are unavoidable.

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* See "Finances and Credit of the USSR," 1952, No. 2.

In analyzing the principle of the credit period in trade one must not lose sight of the fact that the existing procedure of setting this period (which is reckoned from the time that paying documents are made up) leads to the creation of large financial reserves for trade organizations (the credit period is longer than the period of turnover of commodities). A major feature of these reserves is their elasticity and adaptability to the current operations of trade organizations. It is for this reason that trade organizations, until recently, categorically opposed the transition to granting credit to trade for periods established in accord with the plan of realization of commodities. Therefore, if we consider that not only the realization of commodities but also their delivery are extremely mobile factors, it would be incorrect to control only the realization of commodities and to leave the delivery of commodities uncontrolled.

Comrade Lisitsian proposes that excess commodity stocks formed by trade organizations be placed under control. This is a correct proposal. However, the methods contemplated for carrying out this proposal can hardly be considered as sufficiently elastic. The author proposes to control the activity of trade organizations in cases where they accumulate excess commodity stocks by restricting credit for new purchases to the extent of trade receipts actually paid by trade organizations to the State Bank. This solves to some extent the problem of bank influence on trade organizations where excess commodities are accumulated. But the problem of what to do when the amount of commodities received by trade organizations is less than was contemplated by the plan is not examined. However, one cannot consider that trade organizations can clear their debts in accord with the established plan of realization if less commodities are received from suppliers than contemplated by the plan.

All this testifies that the problem of changing the procedure for establishing the credit period for trade organizations has become imminent. But in order to solve it decisively it is necessary to continue research in this area. In particular, it would be expedient to consider the results of experimental crediting procedures with the assurance of sufficient elasticity of bank credit.

Because of the growth in commodity funds directed to satisfying the needs of the working people, the question of increasing the elasticity of bank credit which serves retail trade acquires first rate importance.

In the book under review a number of important problems of granting credit to trade are investigated and proposals for its improvement are suggested. However, some of the author's proposals require verification.

The significance of this published work, in our view, goes beyond the limits of the examined theme. It is also of interest from the point of view of the methodology of examining problems and to some extent may serve as an example of the correct approach to the investigation of problems of organizing the finances of branches of the economy. The book was deservedly cited for a prize by the Academy of Sciences of the USSR for 1957.

It is to be regretted, however, that Comrade Lisitsian's work which is of interest to a large group of readers, economists and personnel in finance, is published by the State Financial Publishing House in an extremely limited edition (5,000 copies). Despite its apparently specialized character the book deserves a wider dissemination.

Economic Literature Published in the Chinese People's Republic in Recent Years

Van-Sy-Hua, Political Economy (Section on "The Capitalist Method of Production"). Corrected Edition. "San'lian' Shudian'" Publishing House, Peiping 1957.

This book is a textbook for students in higher educational institutions. It consists of two sections devoted to premonopoly capitalism and the monopoly stage of capitalism, imperialism. In the book the basic Marxist-Leninist propositions relating to the formation, development and decay of the capitalist method of production are examined. The propositions of economic theory are illustrated by numerous examples from the economy of old China.

"A Course of Lectures on the Economics of Internal Trade of the Chinese People's Republic." People's University of China. "Chzhungo Zhen'min' Dasiue Chuban'" Publishing House, Peiping 1957.

The textbook examines questions of development of state, cooperative and private trade, the organizational structure of internal trade, the planning of commodity circulation, procurement of agricultural products, the training of trade cadres, establishing retail prices, planning the costs of circulation and the finances of trade. The book investigates the processes of transformation of private trade and gives a description of the various transitional forms from private to state trading enterprises. The leading role of the socialist sector in the internal trade of the country is particularly emphasized.

"Materials From the Discussion of Problems of Economic Laws in the Transition Period in China." Collection in 2 Volumes. Institute of Economics of the Academy of Sciences of the Chinese People's Republic. "Kesiue Chuban'she" Publishing House, Peiping 1956.

The collection contains materials from a scientific discussion on the operation of economic laws in the transition period. In the first volume articles of prominent economists of the Chinese People's Republic are published. In the second volume there are printed abbreviated texts of the reports of Chinese economists at a scientific discussion on the operation of economic laws in the transition period organized by the Institute of Economics of the Academy of Sciences of the Chinese People's Republic and the editors of the newspaper Jenmin Jihpao.

Lo Gen-Mo, Commodity and Value in Socialist Society. "Kesiue Chuban'she" Publishing House, Peiping 1957.

The book consists of three chapters and appendices. The introductory chapter is devoted to a characterization of the peculiarities of the commodity under socialism, commodity connections between the state and members of society, between state enterprises, as well as between the state and peasant cooperators. The second chapter examines the peculiarities of commodity relations between state enterprises on the basis of supply contracts. The third chapter analyzes the question of the interaction of the law of value and state planning. Here, the different character of the operation of the law of value under capitalism and in the transition period from capitalism to socialism is emphasized. In the appendices articles published by the author in recent years in various economic journals are included.

"Materials on the History of Handicraft Industry of Modern China (1840-1949)." Collection in Two Volumes. Institute of Economics of the Academy of Sciences of the Chinese People's Republic. "San'lian' Shudian'" Publishing House, Peiping 1957.

The collection was prepared by a group of co-workers of the Institute of Economics of the Academy of Sciences of the Chinese People's Republic. It contains reference materials on the most recent history of handicraft industry in China. The collection presents data on the separate branches of handicraft production and characterizes in detail the economic position of handicraftsmen in different regions of the country.

"Materials on Production Cooperation in the Agriculture of China During the Restoration Period (1949-1952)." Collection in 2 Volumes. Institute of Economics of the Academy of Sciences of the Chinese People's Republic. "Kesiue Chuban'she" Publishing House, Peiping 1957.

The collection generalizes materials on questions of cooperation during the period of the restoration of the national economy of China, presents a large number of newspaper articles on individual questions of the cooperative movement in different regions of the country, prints the text of the decision of the CC of the CCP on questions of mutual aid and cooperation in agriculture adopted in 1953 as well as two articles: "Some Problems in the Development of Production Cooperatives in the Restoration Period" and "Cooperation in Agriculture During the Years of Restoration."

Syn' Ian, Economic Laws of Socialism During the Transition Period in China. "Tsaichzhen Tszintsi Chuban'she" Publishing House, Peiping 1956.

The book examines in detail the conditions and sphere of operation of economic laws during the transition period. The author shows the mechanism of operation of objective laws and the significance of the economic measures of the Communist Party and the Government of China taken in accord with the requirements of these laws.

The economic structure of China is analyzed and the development and strengthening of the socialist structure of the national economy are traced in the book. It elucidates in detail the peculiarity of the operation of the law of value during the period of transition from capitalism to socialism, its interaction with the economic laws of socialism. A special chapter is devoted to an examination of the role of the basic economic law of socialism in the development of the state sector and the influence of this law on the private capitalist, state-capitalist, petty-commodity, and cooperative sectors.

Siui Di-Sin', Analysis of the National Economy of the Transition Period in China. "Zhen'min' Chuban'she" Publishing House, Peiping 1957.

In the monograph information on the economic processes of the transition period in the Chinese People's Republic is generalized. Regularities of the development of the national economy and the peculiarities of the economic structure are examined, achievements of the Chinese People's Republic are presented. Individual chapters of the book are devoted to investigations of the economics of industry, agriculture and transport. Problems of monetary circulation, finances, foreign and internal trade are also analyzed in the book. In special sections the role of the basic economic law, the law of planned, proportional development and the law of value under socialism are elucidated.

Chzhao I-Ven', Development and Transformation of Handicraft Industry in China. "Tsaichzhen Tszintszi Chuban'she" Publishing House, Peiping 1956.

The peculiarities and role of handicraft production in the backward economy of China are presented in the brochure. The author notes the great significance of handicraft production as an addition to the current industry and agriculture of the country and presents data on the successful development of handicraft industry.

The book includes materials on the socialist transformation of handicraft enterprises and also gives a description of the different forms of cooperation, cooperative groups and handicraft cooperatives. The end of the book includes materials from an investigation of capitalist and individual economic enterprises of handicraftsmen.

Chzhu Tszian' Nun, The Role of Value Categories and the Law of Value in Different Social-Economic Structures. "Khubei Zhen'min' Chuban'she" Publishing House, Ukhan' 1956.

In the brochure the details of the operation of the law of value in different social-economic conditions are examined and the variety of forms of influence of the law of value on the various sectors of the national economy under socialism are shown. An analysis of the economic measures realized in the Chinese People's Republic and of class relations in the country are given in the book.

Chen' Chi, On Cooperation in Agriculture. "Zhen'min' Chuban'she" Publishing House, Peiping 1956.

The basic processes of the movement for the socialist transformation of small peasant units in the Chinese countryside are examined in the brochure. The author through many examples shows the great significance of production cooperation in the solution of problems of socialist constru tion in China. A large role in the book is devoted to an analysis of changes in production relations in the Chinese countryside occuring as a result of cooperation, the gradua transformation of lower forms of cooperation into higher ones as well as the effect of the cooperative movement on the development of agriculture and on the rates of socialist construction in the country. Special chapters are devoted t questions of the policy of the Communist Party of China an the People's Democratic state in relation to different strat of the peasantry in the process of the socialist transformation of agriculture.

NOTES AND COMMUNICATIONS

A. Skvortsov:

Timely Questions Concerning the Organization and Planning of the Urban Economy of the USSR

On the basis of tremendous successes in the development of the productive forces in the USSR, achieved thanks to the consistent application of Lenin's line of preferential growth of heavy industry, the Communist Party has posed new tasks for further raising the material and cultural level of life of the toiling masses of our country. Of great importance is the decision taken by the Communist Party and the Soviet state on expanding housing construction in every way in order to satisfy in the next 10 to 12 years the needs of the population in comfortable lodgings. The wide range of dwelling and public utility construction advances important problems for the expansion of the municipal economy.

In connection with the rapid tempo of industrialization of the country and the increase of urban population (3.5 times by 1956 compared with 1913) the construction of housing and public utilities in the cities and towns reached an unprecedented range during the years of the five-year plans. The municipal housing fund increased by 1956 to 668 million square meters of living space, compared with 180 million square meters in 1913. In 1956 the number of cities and towns with water-works and the length of water-mains were ten times greater than in pre-revolutionary Russia, and the daily supply of water 35 times that in 1913. During this period the number of cities and towns with sewerage increased 43 times, and the length of sewer-pipes increased more than ten times.

In pre-revolutionary Russia only 35 towns had tramways. Now hundreds of towns have them and the number of passengers using them has increased 6.2 times compared with 1913. In more than 800 towns there are autobuses and in 40 towns trolleybuses, while Moscow and Leningrad have the best subways in the world.

During the years of the Soviet regime gas and district-heating systems were installed in about 500 towns. As for district-heating systems, the USSR is considerably ahead of foreign countries.

Between 1928 and 1956 about 15,000 new schools capable of handling seven million pupils were built in the towns alone. The number of pupils in the urban schools in 1956 was 12.4 million; this was almost seven times as many as there were in the towns and cities of pre-revolutionary Russia.

The number of hospital beds in the cities and towns increased from 106,000 in 1913 to 1,030,000 by 1956, i.e. almost ten times. A wide network of children's institutions has been established (about 700,000 places in the nurseries and 1.5 million in the kindergartens).

The tempo of development of housing facilities and public utilities in the USSR is steadily growing. For instance, while during the Fifth Five-Year Plan capital investments in the principal non-productive funds were over 120 billion rubles, for the Sixth Five-Year Plan they were planned to be about 200 billion.

But still the growth of building housing and public utilities lags considerably behind the needs of the working people. There are still a number of serious defects and disproportions in the development of the municipal economy.

Construction on a modern scale is not possible without a highly developed building-materials industry and a great number of different machines and mechanisms with high productivity. Consequently, an important condition for reproduction on an enlarged scale is the rapid development of heavy industry and a high tempo of reproduction of the basic funds of industry and capital construction.

At the same time, the development of industry leads to the growth of towns and urban population, which presupposes a corresponding expansion of the housing funds and other non-productive basic funds in the towns and workers' settlements. Thus, the development of industrial production must be closely co-ordinated with the growth of non-productive funds. This is secured in the practice of socialist construction and the planning of the national economy on one hand by the more rapid tempo of the development of Department I, and on the other hand by the fact that in building new industrial enterprises a fund for the construction of necessary housing is provided, along with the development of the public utilities and social and cultural institutions serving the growing population of the towns and workers' settlements.

In accordance with the projects and summary estimates for industrial enterprises now under construction, as a rule not only construction of productive objects, but also of living quarters, schools, hospitals, kindergartens and nurseries, is planned, as well as of the enterprises of communal services and public utilities. For instance, according to the norms for building medical institutions at new industrial enterprises, there must be provided—at enterprises with 10,000 or more workers—a hospital with 12 beds per thousand workers employed and a polyclinic for 15,000 examinations per year, and also a night sanatorium (prophylactory) with a capacity of eight beds per thousand workers. The building of creches, in accordance with norms at enterprises employing 500 or more women must be based on 12 places for every 100 women.

Housing and public utilities are also constructed in towns by the local Soviet executive committees to meet the needs of the population not directly connected with newly constructed industrial enterprises.

Thus reproduction on an enlarged scale of the basic non-productive funds in the USSR cities and towns is achieved in two forms: in the form of the municipal funds of the local Soviets, and in the form of the basic funds appropriated for non-productive purposes, which are at the disposal of industrial, transport and other enterprises and organizations. Both of these forms constitute indivisible state funds, national property. A part of the basic funds of the non-productive sphere, i.e. the individual housing fund, belong to the workers personally.

According to data of the Central Statistical Administration covering all the towns and cities of the USSR, the proportion of the municipal fund in all the basic funds of the various branches of the urban economy is characterized by the following figures: for the housing fund (percentage of living space of local Soviets in the total living space) 35% (by January 1st, 1957); for the length of water lines 51%; for sewerage 31.2%; for the gas network serving the population 61%, for the district heating system 1.2%; for bathhouses 45%; for hotels 70%; for laundries 46%; and for transport for municipal sanitation 71% (as of September 1st, 1956). The proportion of the municipal fund in social and cultural institutions as of January 1st, 1956, was: in the total number of hospital beds 95%, places in the creches 91%, places in the kindergartens 35%; in the total number of schools (beginning of 1955-1956 school year) 85%.

From the data cited above one can see that a considerable, and for many branches of the housing economy even the greatest, part of the basic funds for non-productive purposes is at the disposal of the organs of national economy and different ministries.

It should be pointed out that while in industry appropriations for forming the necessary non-productive funds are provided in the projects and estimates of enterprises under construction, as a rule, at construction sites (when forming new or enlarging existing building organizations) this practice is not followed. The building trusts and administrations receive the necessary funds for organizing their own production base: concrete plants and groups of plants, wood-working and mechanical combines and shops. But they have no long-range plans or estimates for the improvement of living conditions. The builders' needs in living quarters are met essentially from the funds of part three of the general estimates of the industrial enterprises and other objects being built, as well as from the transfer to the building organization of 10% of the completed living space built for the ministries and local Soviets. The perspective projects and the estimates usually do not provide for the development of hospitals and children's institutions for serving the builders and their families, while the local Soviets are not always able to fulfill this task.

This planning practice does not correspond to the growing volume and importance of housing construction in the country. Along with the growth of the volume of construction and the introduction of industrial methods in building, the permanent cadres of worker-builders are growing. By 1956 their number reached 3.4 million and 31% of this figure were represented by women. Under present conditions, when large building combines are being organized, most of the building trusts and administrations have been carrying out work for a number of years in the same towns and cities. All this, in our opinion, makes it necessary to provide the building organizations with proper funds for forming basic non-productive funds for the builders, in particular for the development of a network of kindergartens and creches. This should be done while planning construction, at the same time appropriations for creating the production base are provided.

There are also serious defects in planning the basic funds for cultural purposes and public utilities for newly constructed industrial enterprises.

In attempting to lower the cost of constructing industrial objects the planning organizations and their clients are providing insufficient amounts for the non-productive funds in the projects and estimates of enterprises being built in towns and cities, counting on the existence of municipal funds in these towns. In such cases very often the fact that town Soviets do not always have the funds necessary for providing the workers at newly built enterprises with all they need is not considered. The result is that the workers and employees of the enterprises under construction are not sufficiently supplied with the necessary communal services for proper living conditions. For instance, the summary estimate for creches for the watch factory being built in Orel was set at 240 places and kindergartens 300 places, while in the same estimate it was planned to build two typical creches of 110 places each, i.e. altogether 220 places, and two kindergartens for 100 each, i.e. only 200 places. According to the explanation in the estimate the shortage of 200 places in the creches and of one kindergarten for 100 children was to be compensated for by the existing children's institutions of the town Soviet. The capacity of creches and kindergartens in Orel is very limited and does not even reach the pre-war level, though the population of the town is now 20% higher than before the war.

The estimates for enterprises under construction usually provide for housing sufficient for 40-60% of the workers and employees on the roll, while for adequate living quarters for workers at new enterprises norms are needed providing them up to 75-80%. The rest could be provided through individual building of housing.

The estimates, as a rule, provide six square meters per worker constructing new enterprises, while the minimum sanitary norm established by the state is nine square meters per person. According to the existing law, the enterprises and organizations transfer 30% of the newly built living space to the local Soviets, to the builders and other organizations, though the estimates usually do not take this into consideration. It is presumed that the entire living space built by the enterprise will be used to meet the needs of the personnel of this enterprise. Actually, as the result, the enterprises almost always suffer from inadequate living quarters for the workers, and this on the one hand lowers the development of production, and on the other creates the necessity for additional appropriations for housing, or investing resources belonging to the enterprise for this purpose.

It is known that the administrations of the ministries, plants and factories are first of all responsible for the fulfillment of the plan. In case of non-fulfillment of the planned indices the plant loses the fund of the enterprise and the managerial personnel receive no premiums. At the same time up to now the administration of the ministries was not materially responsible for the inadequate attention to the work of its communal economy, non-fulfillment of the plan of expanding the network of cultural and children's institutions and public utilities. If, for instance, the workers' settlement is provided with children's and medical institutions out of the municipal fund, the administration of the plant does not attempt to use the funds provided by the general estimate and the appropriations for the construction of communal, social and cultural objects, though they are urgently needed for the population in other parts of the same town. Therefore, it is not rare that only 30-40% of appropriations for cultural institutions and housing are used, while 80-90% of the estimate for building industrial enterprises are completed. For instance, the general estimate of the Techmash plant in Orel was 80% completed by January 1st, 1957, as far as industrial building was concerned, while housing cultural and public utilities only reached 45%. The corresponding figures for motor grader plants were 35% and 14%, and for the watch factory 41% and 24%. In 1956 the plan for putting in operation the basic funds of the USSR Ministry of Communications was fulfilled by 90%, including new broad-gauge railroad lines 94.7% and laying of second tracks 87.4%, whereas the plan for opening hospitals for the same ministry was fulfilled only 39.6% and for sanatoriam only 5.3%.

Because of the ministries' insufficient attention to their communal economy the work indices of their enterprises were considerably lower than those of the town executive committees. While the communal enterprises of the local Soviets are working at a profit (the norm of profit of the communal economy using municipal funds in 1956 totaled 35%), the communal economy of the ministries have considerable annual deficits. The communal economy of the local Soviets is developing in complex form according to a unified plan based on scientific principles. As for the communal enterprises of the ministries, their activity has no unified direction and often is not only separated from the general tasks of improving the well-being of the towns, but even hinders their fulfillment. The housing fund of the ministries also operates at a loss. According to the data of the RSFSR Academy of Communal Economy the loss from the operation of the housing fund of enterprises and organizations in 1950 amounted to 1.7 billion rubles. By 1957 these losses increased almost three times, in spite of the fact that the ministries were exempt from paying land-rent and taxes on dwelling of the housing fund and that the rate of rent for uninhabited premises was doubled. At the same time the living space of the local Soviets is maintained almost without a loss (if the subsidies for capital repairs are not considered).

In our opinion, the housing fund, the communal enterprises, schools, hospitals and children's institutions, with their staffs, property and appropriations, should be transferred completely to the local Soviets. Such a reorganization would correspond to the present conditions of management of industry and construction on a territorial basis and would raise the role of the local Soviets in the guidance of the municipal economy. It would create conditions for the complex development of the entire urban economy so that it might utilize completely and expediently its basic funds and such a step would liberate industrial enterprises from extraneous functions.

The transfer of the entire communal economy to the local Soviets, certainly, does not exclude the necessity of enlisting the services of the industrial enterprises in solving practical problems connected with the planning and organization of public services in the towns and cities, the development of the municipal economy and the improvement of servicing the population in the field of culture and living conditions.

In our opinion the ministries must coordinate and approve the housing plans and estimates of the executive committees of the town Soviets and when construction is finished, transfer them to the town Soviets.

As is known, the development of towns and cities in the USSR follows the general building plans, according to which the distribution of industry, the housing fund, and improvement of living conditions is realized on the basis of architectural unity, taking into consideration the most rational utilization of the municipal territory and means of communication. Practice indicates that the interests of the industrial enterprises and ministries often contradict the general building plans for towns and cities.

An important role in concentrating in the hands of the town Soviets the entire communal economy, housing and the improvement of living conditions (cultural and material) is played by the July 31, 1957, decision of the Central Committee of the CPSU according to which the responsibility for issuing orders for housing construction and the improvement of living conditions in the towns is assigned as of 1958 to the executive committees of the town Soviets. The drawing up of plans for this construction should be executed, as a rule, by the enlarged planning organizations of the regional and town Soviets.

The question of the economic criteria for determining the optimal dimensions of a town deserve serious attention. It is believed that in small towns it is economically disadvantageous to undertake large-scale work for improving living conditions, because with the sparsity of population, few-storied and scattered houses, capital investments in the municipal economy are not effective. As the size of the town increases the requirements for improving living conditions grow, and at the same the effectiveness of capital investments increases as the population and buildings increase, and this secures the maximum supply of all types of communal services to the population with a minimum of expenditures.

But the growth of the size of towns beyond definite limits lowers the effectiveness of investments in the municipal economy, because building higher houses increases the costs of construction and maintenance, at the same time increasing the capital investments in the municipal economy and the expenditures for its operation. Calculations and experience show that from the economic point of view and in the interests of creating better conditions for the life of the urban population it is most useful to build towns for 100,000 to 200,000 population, with houses up to four or five stories high.

Actually, for a number of reasons, the ones growing most rapidly in the USSR are towns and cities of over 500,000. The proportion of the population of such towns in the total urban population increased in 1926-1956 from 16% to 24%, while the proportion of the population in towns with 100,000 to 500,000 population increased from 20% to 25%, and those with a population up to 100,000 decreased from 64% to 51%. This process cannot be explained by the forced development of industry, for construction of new industrial enterprises in the largest towns and cities is banned. Other factors are involved, such as the concentration in large cities and towns of institutions of higher learning and special schools, and also scientific-research institutes, planning and cultural organizations, etc. Aside from this, the growth of the material and cultural requirements of the toiling people results in a population shift to the larger towns, where these requirements are satisfied more completely.

The basic non-productive funds serve to satisfy the material and cultural needs of the population. When planning the development of the communal economy of individual towns, it is necessary to consider the growth of these needs. A serious defect in the present development of the municipal economy and distribution of funds for social and cultural construction is a serious lag of living conditions in small- and medium-size towns behind the growing needs of the Soviet people. This is one of the causes of the migration to the large cities and results in the excessive growth of the giant cities.

Certainly, the development of housing and the communal economy and the improvement in living conditions in the small- and medium-size towns is not an end in itself. The development of the economy of these towns, and first of all the growth of industry, is the basic task. The reorganization of the management of industry and construction and the measures for dispersing institutions of higher learning and technicums, scientific-research institutes and planning organizations, moving them to the regions corresponding to their specialty, will promote more rational distribution of the country's productive forces, and thereby contribute to the development of the communal economy of towns lagging in this respect, to the liquidation of the unjustified difference in the level of social and cultural services for the population in the large centers, on one hand, and small-size towns on the other.

Some people believe that it is economically inexpedient to develop municipal economies with a high level of communal services and living conditions in the small-size towns. But, firstly, the problems of planning and organizing public services can not be solved simply by indices of effectiveness of capital investment. Secondly, one should not forget that the development of the economy of small- and medium-size towns allows lowering considerably economically inexpedient investment in the expansion of larger centers.

The economic inexpediency of the expansion of large towns is demonstrated by the calculations of the Institute of Town-Building of the USSR Academy of Agriculture and Construction, which show that expenditures for building a town increase with its growth more rapidly than its dimensions. For instance, if building expenditures per hectare of a town with a population of 100,000 persons amount to 1,646,000 rubles, then, by the most careful calculation, for a town with a population of 500,000 these expenditures would be 1,982,000 rubles, i.e. 20% higher.

A considerable part of the capital investments assigned for further expanding the larger towns could be used for improving the living conditions in the small- and medium-size towns.

There are also great problems in the field of installing gas works in towns and workers' settlements. In the urban settlements of the USSR by January 1st, 1957, only one-fourth of the entire socialized housing fund had gas facilities. Only the largest towns and some smaller towns which are on the main gas pipelines are gasified. It is known that gasification sharply improves the sanitary conditions of the settlements and the living conditions of the population, and saves expenditures on social labor in obtaining and transporting fuel.

In connection with the enormous advantages of gas the Party proposed a program for the next 15 years of increasing gas production in our country approximately 15 times. Such a jump in gas production demands a rapid development of gas mains in the towns and requires faster production of gas appliances. On this basis real perspectives open up for the use of gas in most of the towns and workers' settlements of the USSR.

Our country occupies a leading place in the world the use of gas in towns. But centralized district-heating is developing in our country only in the large towns, where powerful thermal electric centers exist. About half of the entire capacity of all thermal electric centers is used in Moscow, one-sixth in Leningrad and the remaining two-sixths in the remaining 300 and more towns and workers' settlements. District-heating systems cover only about 4% of the housing fund of the towns. In the majority of Soviet towns heat is supplied, as a rule, by individual small boilers at dwellings and enterprises. The organization of a centralized heating system for many towns would not only secure further savings of fuel in the national economy, but also would free a considerable amount of the labor force now occupied in boiler-rooms. Curtailing the production of boilers and boiler's appliances for individual boiler-rooms would also save considerable social labor. This economy could amount to more than the expenditures for installing district-heating systems.

In small- and medium-size towns, where the demand for electric power is not large enough to justify building thermal electric centers, centralized heating can be organized by constructing large municipal or settlement boiler plants, which could eventually be reconstructed, if necessary, into thermal electric centers. Particularly great possibilities for the construction of regional boiler plants arise from the reorganization of industrial and construction management, which has liquidated the departmental disconnection among enterprises.

Municipal transport occupies an important place in the basic funds of the municipal economy.

Technical progress in municipal transport leads to an increase of the role of trolley-buses, autobuses and subways in passenger service, and as a result such a formerly popular type of municipal transport as the tramcar is losing importance. Thus, according to the data of the Central Statistical Administration, the total passenger transportation by general use transport facilities increased 72.8% between 1940 and 1956, transport by autobuses increased nine times and by trolley-buses seven times, while by tramcars it decreased by almost 12%, in spite of the fact that the length of town tramcar lines increased from 1940 to 1956 by 1,000 kilometers, and the number of tramcars increased more than 1

Autobuses and trolleybuses have considerable advantages over tramcars; they are more comfortable, much faster an easy to maneuver, and need no rails. Finally, curtailing tramcar traffic decreases town noise.

It should be pointed out that the cost of transport (per kilometer) by tramcar is still lower than by autobus or trolley-bus, because of the larger number of seats. But wit the existing fare the norm of profitableness of the trolley-bus is higher than of the tramcar. Thus, the present still considerable volume of tramcar transport is supported to a certain extent by the high fare of trolley-buses and autobuses. If the norm of profitableness of autobuses and trolle buses were equalized with that of tramcars the fares for aut buses and trolleybuses would be lowered 15-20%, and this would lead to a decrease in the number of tramcar passengers

In comparing the economic effectiveness of different type of municipal transport one should take into consideration that a tramcar enterprise requires considerable capital investment. Thus, if we take the capital investment for the tramcar network as 100%, then the capital investments for organizing trolley-bus transport of the same capacity woul be 80%, and that of autobuses 33%.

The gradual replacement of tramcars by trolley-buses and autobuses would free considerable funds, which could be used for improving street paving and squares in the towns and the operation of trolley-buses and autobuses.

The tempo of development of children's institutions in th towns is quite inadequate. In spite of the enormous work performed in the post-war period in the restoration and co struction of new kindergartens and creches — the increase by 1956 of the number of places in municipal creches was 19% and in kindergartens 70% compared with the pre-war level — the needs of the towns have still not been met com pletely. This is explained by the fact that the development of the network of children's institutions lags behind the number of women working in the national economy (during 1940-1956 the number of working women increased by 83% The expansion of the network of creches is lagging not onl behind the increase in the number of working women, but also behind the growth of the urban population as a whole. Life demands the elimination of these disproportions in th development of the towns of the USSR.

P. Bobrovsky:

The Economic Effectiveness of Orchards and Vineyards in the Collective and State Farms of the USSR

In obtaining an abundance of foodstuffs for the populatio and raw materials for industry orchards and vineyards oc cupy an important place. The directives of the 20th Congr

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* According to the calculations of Professor E. J. Sokolov, in 1954 the economy on fuel, thanks to district heating, was more than seven million tons. ("The Development of District-Heating Systems in the USSR." Znanie publishing house, 1955, p. 16.)

of the CPSU for the Sixth Five-Year Plan provided for new orchards and vineyards in the collective and state farms of the Ukrainian SSR on an area of 325,000 hectares, the Moldavian SSR — 137,000 hectares and the Georgian SSR — 38,000 hectares. It was also planned to extend orchard-growing and grape-growing in the Uzbek and Armenian SSR, in Rostov region and the Krasnodar area. These tasks are being successfully fulfilled. In 1956-1957 alone in the USSR 133,400 hectares of vineyards were planted. By 1957 the vineyards area was expanded up to 500,000 hectares and orchards (including berry-growing) up to 2,900,000 hectares. As the well-being of the population increases the need to develop orchards and grape-growing also grows.

But in spite of the extension of the orchard area and the annual increase in the harvest of fruits and berries, orchard cultivation still is one of the lagging branches of agriculture. The agricultural technique in this branch is rather poor, the MTS are not taking much interest in the care of the collective farm orchards, there are not enough special machines and implements, the fight against pests and diseases is not carried out properly, considerable losses in gathering the harvest are tolerated and expenditures of labor are too high. All this considerably lowers labor productivity in the orchards.

Up to now most of the collective farms of our country planted orchards on small lots. According to the 1952 census the number of collective farms with orchard areas under one to three hectares constituted almost 40% of all that had orchards, while those with orchard areas of over 50 hectares came to only 5% of the total. Even in Rostov region in 1953 there were only eight collective farms with orchard areas of 100 hectares or over, in Stavropol region 11, and in the Moldavian SSR 61. But in Zhitomir region 65 collective farms had no orchards at all, and in 277 collective farms the orchard areas were from one to five hectares. The same could be said about Zaporozhye, Stalinsk, Kursk and Orel regions. Though the total orchard area in the USSR is constantly increasing, the growth occurs mostly through the planting of small orchards. For example, in 1957 the collective farms of a number of regions were ordered to plant orchards of areas of one to three hectares, whereas small orchards are economically less effective, as can be shown by the following data on the expenditure of labor in some collective farms of Petrikov district of Dnepropetrovsk region in 1956:

collective farms	garden area in hectares	working days spent		income from the gardens	
		per hectare	per centner of produce	from one hectare (in rubles)	% of total income
Bulganin	126	301	3.8	3,226	16.0
Bolshevik	102	299	5.5	3,568	12.0
Shevchenko	81	269	3.0	8,230	20.5
Voroshilov	59	558	20.3	473	1.1
Comintern	29	844	47.3	360	0.8

The above data show the advantages of large-scale production in comparison with small-size orchards. For instance, the Bolshevik collective farm spent 5.5 working days to produce one centner of produce, while Comintern collective farm spent 47.3 working days, and the money income per orchard hectare was respectively 3,568 and 360 rubles.

Of great importance is the planting of high-yield fruit and berries and also good care for them. The experiments carried out by the Shreder Institute of Orchards and Vineyards proved the feasibility, under conditions prevailing in the Uzbek SSR, of obtaining 91,000 apples per hectare, while even in a number of the more advanced kolkhozs the apple crop rarely is higher than 25,000 per hectare. This shows that there are enormous reserves in this field.

An important factor in planning new orchards is the correct allocation of lots and the even distribution of trees on them. The basic criterion in this case should be maximum production per hectare with minimum expenditure of labor. Neither a too dense, nor a too dispersed planting of trees is advisable. Making the existing and newly-planted orchards more dense is important. In particular it is necessary to practice more widely the planting of trees by the combination method, i.e. planting on the same lots long-lasting trees and grafting them on fast-growing types, among them the short-lived but fast-producing varieties, grafting them on dwarf plants (as a way of thickening the planting). The dwarf fruit trees begin bearing in three to five years after planting, and bear abundant fruit of good quality. Their care and the gathering of their fruit is facilitated by their lowness.

After 20-25 years the dwarf trees stop bearing fruit and are cut down, while the grafts to high specimens begin to bear fruit in abundance. This makes it possible to gather big crops and obtain high income per unit land area.

Further development of grape-growing also has no little significance for the national economy. This is a branch of agriculture which requires much labor but brings good profits. The majority of enterprises occupied in grape production (12,850 specialized collective farms and 256 state farms) are profitable. The income from one hectare of vineyard amounts on an average to 20,000 to 30,000 rubles, and in the advanced enterprises 50,000 rubles, i.e. higher than the profitableness of all types of agricultural crops, including cotton.

In some Uzbekistan kolkhozs the monetary income from grape-growing constitutes about 80% of the total income. The gross payment in money per working day is more than 50 rubles. In Samarkand region 150-200 centners of grapes are gathered, while from the irrigated vineyards of Tashkent region the best kolkhozs and state farms gather up to 400 centners. In 1956 the collective farms of Samarkand region received from grape-growing 23.6 million rubles, or 36.2% of their total monetary income, though the vineyards occupy only 8.5-9.8% of the entire irrigated area under various crops. The excellent results of grape-growing is promoted by favorable natural conditions also in the Tadjik SSR.

High incomes from grape-growing are also obtained in the RSFSR. For instance, in the multibranch Pobeda kolkhoz (in Stavropol territory), which has only 72 hectares under vineyards (0.6% of the arable land), income from them constituted almost 23% of the total money income. In 1956, when the crop capacity was 129.4 centners per hectares, the income from grape-growing amounted to four million rubles, or 57,000 rubles per hectare of fruit-bearing vineyards.

Grape-growing is a highly profitable branch in the Ukraine too. For instance, in 1952 the Karl Liebknecht collective farm, in Odessa region, received 4.4 million rubles from grape-growing, in 1953 4.6 million, in 1954 5.7 million. For every working day spent in grape-growing in 1954 the kolkhoz received more than 100 rubles' income, while from other branches of production only 38 rubles, on the average. In 1956-1957 the income from grape-growing amounted to five to six million rubles, while the total income of this kolkhoz was nine to ten million. In the Stalin kolkhoz of Mogilev-Podolsk district of Vinnitsa region of a total monetary income of 2.6 million rubles in 1956 about 1.6 million came from orchards and vineyards. On the average it represented about 90 rubles income per working day spent in orchard tending and grape-growing. The orchards and vineyards occupy only 9.5% of the total area used for agriculture in this kolkhoz, but their care requires 17-19% of the total number of working days.

The natural conditions of the Crimea are very favorable for grape-growing. The foremost agricultural workers there gather 80-100 and more centners of grapes from one hectare.

Thus, the most favorable regions for the development of grape-growing in the country are the Central-Asian republics, above all Uzbekistan, where in the irrigated vineyards more grapes with less expenditure of labor can be gathered from a unit of cultivated area than in other republics of the USSR. As was indicated above, the yield of grapes here produces 250-400 or more centners per hectare. But not enough attention is paid to grape-growing in the Central-Asian republics, and it is developing rather slowly. In our opinion, grape-growing should be distributed much better and more attention should be attached to its development in Central Asia.

It should be noted that in spite of the high grape yields which are achieved in the outstanding enterprises of the country, the average yield for the country, and especially for some republics and regions, is inadequate. There are low yields in particular in the kolkhozs of the Kazakh SSR, where from 1941 to 1945 they averaged 30.7 centners, in 1950-1953 43.4 centners and in 1954-1956 57.7 centners per hectare. One of the principal causes of this is the low level of concentration of production in the grape-growing. Where there are small areas under vineyards a higher expenditure of labor is required per hectare, while the yield is lower. This is seen from the following data for the Yampolsk and Mogilev districts of Vinnitsa region; the grape yield of vineyards with an area of one to three hectares amounted to 8.6 centners per hectare; from those of three to five, 14.4 centners; from those of 10 to 15 hectares 21.4 centners; from 15 to 20 hectares 29.4 centners, and from those of more than 20 hectares 34.1 centners.

At some kolkhozs the areas under vineyards are divided in small parcels (0.5-1.5 hectares) of irregular configuration, often separated from one another by ditches. This prevents mechanized work and rationally organized labor, and makes it difficult to use not only tractor-drawn machines but even horse-drawn ones. As the result of the dispersion of lots more working days are spent in supervising them. For instance, in the Stalin kolkhoz in Mogilev district of the same region in 1954 20.4% of the total working days on the vineyards was spent on this, and in 1955 and 1956 16.8% each. Therefore orchards and vineyards should be planted on areas of not less than 20-30 hectares. The concentration of production and enlarging of the orchard and vineyard areas at enterprises having favorable natural and climatic conditions would result in raising the yield and decreasing the expenditures per unit. The realization of these measures is promoting wide mechanization, the application of advanced agricultural technique, the rational utilization of labor and growth of labor productivity.

Also of great importance is halting the excessively thin planting of vineyards, which not only lowers the yield but leads to enormous unproductive expenses for working on sparse lots. The planting is particularly thin on the new vineyards of the Kazakh SSR, where it amounts to 44.8%; in the Kirghiz SSR (at operating vineyards 18.4%, at new vineyards 33.6%); in the Armenian SSR (15.4 and 37.8%); and in the Uzbek SSR (13 and 22.8%).

The planting of orchards and vineyards should be on a hi level of agricultural technique. A decisive factor in creati highly productive orchards is the preliminary preparation the soil for planting, the size of the orchard and the types its trees, and proper distribution of the kind of trees on th basis of cross-pollination. Enterprises cultivating orchard should widely develop bee-keeping. This would improve th economy of the kolkhozs and state farms and would raise the crop capacity of the gardens. Of considerable importance is the selection of the kind of vine, for it promotes stable crop capacity under unfavorable climatic conditions. Particularly important is the cultivation of vines which ca stand frosts and leaving the vineyards uncovered during winter. This would result in an enormous saving in the expenditure of labor and funds. For instance, according to approximate norms of production, in the Moldavian SSR alone the kolkhozs spend 172,000 working days yearly in coverin and uncovering the vineyards, and the state farms and othe organizations about one million rubles.

For raising the economic effectiveness of orchard work and grape-growing in the kolkhozs of the USSR of great importance are the measures effected by the Communist Par for development of the kolkhoz system and the reorganization of the Machine-Tractor Stations. Sale of tractors, co bines and other agricultural machines will permit conside ably better use of modern technology, raising labor productivity and increasing production (gross and for market) pe unit of land area.

The kolkhozs specializing in orchards and vineyards ha the opportunity to acquire the newest agricultural machine Many kolkhozs can purchase the needed number of tractor and other agricultural machines even this year. More tha that, they can buy the building materials for building their own enterprises for preliminary processing of raw materials. For instance, the Lenin kolkhoz in the Moldavian SSR, which in 1956 received about 15 million rubles mon income from orchards and grape-growing can purchase needed machines this year, assigning for that purpose one million rubles and paying off the state completely. So als could the Pobeda kolkhoz of Stavropol region (its annual income was 16-17 million rubles), the Kalinin kolkhoz in th Georgian SSR (annual income 11-12 million rubles), the Karl Liebknecht kolkhoz in Odessa region (annual income 9-10 million rubles) and others.

Many orchard and grape-growing kolkhozs already hav their own machines for work in fruit and berry orchards and vineyards. But the number of these machines is clea ly inadequate and some of them are very primitive.

Carrying out the Law on Reorganization of Machine-Tractor Stations passed by the Supreme Soviet of the USS and in connection with that a sharp improvement in the w of designing new highly-productive machines, in particul for orchards and vineyards, will greatly influence increa ing the profitableness of the kolkhozs and further improv ment of the living standard of the collective farmers.

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The expansion of orchards and vineyards, raising the o capacity and expanding the volume of procurement of fru and berries open broad perspectives for our country in developing the wine-making industry.

During the post-war years great successes were achieved in the development of wine-making, the geographic distribution of enterprises of this branch was improved, and excessively long shipments were curtailed. But the changes taking place in the distribution of wine-making still are insufficient. Up to now excessively long and expensive shipments have been tolerated and the expenses for delivering raw materials to the wineries have been too high. It is necessary to pay more attention to the better distribution of the enterprises of this branch and their raw-material base.

For that purpose grape-growing should be developed in the Eastern regions: Kazakhstan, Central Asia, Altai territory, Maritime and Amur regions. With the development of grape-growing in these regions shipments would be shortened and the population would be supplied with fresh grapes.

The insufficient capacity of the second stage of wine-making should be compensated for by constructing such enterprises in the most remote regions primarily in the east. The shipment of wine in bottles should be replaced by transporting it in kegs and large containers. It suffices to say that transporting wine in bottles over long distances is 2.5 times more expensive than in kegs. Particularly effective is transportation in tanks. The annual saving on transporting wine in tanks, compared with wooden containers, amounts to about 300,000 rubles per carload.

The former practice of organizing the wine-making industry of the USSR so as to utilize even the smallest batch of marketable grapes at the sources of raw material, which was established in the remote past, led to the creation of a scattered network of small, unprofitable wineries. It is necessary to stop forming small enterprises and start building large-scale specialized grape-growing kolkhozs and state farms and on their base to organize large-scale primary wine-making. For this purpose it is necessary to radically reconstruct the raw-material base and concentrate it around the wineries.

For this the planned organization of concentrated raw-material bases in specialized grape-growing collective and state farms is of great importance. Thus, according to the calculations of the All-Union Scientific Research Institute on Wine-making and Grape-Growing, the reorganization in the Uzbek SSR of the 64 existing wineries, with a capacity of three million decaliters, into 26 wineries with a capacity of ten million decaliters would make it possible to save 51.7 million rubles yearly because of decreasing the operational expenditures for procurement, working and processing. Consequently, through lowering the cost of basic production alone the total amount of investment in the reconstruction of the wine-making industry (203.5 million rubles) would be reimbursed in four years (not counting the additional income from processing the wine-making waste). It is planned to create 56 specialized kolkhozs on the base of the existing enterprises in the Uzbek SSR, for which 200 million rubles' more capital investments would be required (partly from state credit). All this will permit a sharp rise in labor productivity and lowering the cost of production of grapes and other products.

The mighty expansion of the raw-material base during the Sixth Five-Year Plan demands the timely construction of wineries in the regions of intensive grape-growing development in order to ensure gathering the grapes on time and processing them with minimum losses. At present there are not enough wineries in the Moldavian SSR, Rostov region, the Northwestern Crimea and a number of other regions. If the construction of these wineries is not started as soon as possible, then by the 1960-1962 wine-making season there will be an acute shortage of equipment and packing materials, and grape processing would have to be carried out with very poor technology. In Odessa, Kherson, and Transcarpathia regions and the Moldavian and Uzbek SSR there are even now wineries which are not properly equipped. The situation regarding primary grape processing in the Crimean region is not good. In the Novo-Djankoi wine-growing state farm of Djankoi region more than 800 hectares are under vineyards. By 1960 the area will increase to 1,700 hectares. In order to process the raw material construction should be started of a large-scale winery in this region and a number of middle-scale wineries in adjacent regions — Krasnogvardeisk, Bakchisarai, Azov, Pervomaisk and Saki.

Along with the construction of new enterprises for processing grapes it is of great importance to reconstruct the old enterprises and in particular to improve their warehouses. In the enterprises of the Samtrust thousands of barrels of wine-materials lie under the open sky, which results in losses amounting to 3,600,000 rubles a year.

One should point out that many grape-growing kolkhozs do not utilize the waste of wine-making or neglect proper storing; this results in considerable losses. If the waste is prpperly processed, using the existing equipment, it is possible to obtain from one ton of grapes 1.2 kilograms of tartaric acid and 2.2 decaliters of wine-vodka with a total cost of 1,059 rubles, which could amount for the entire industry to more than half a billion rubles per year. In order to utilize these possibilities the old equipment in certain factories should be replaced and the kolkhozs should deliver grape pulp to these factories on mutually advantageous terms.

The large-scale orchard and grape-growing kolkhozs are now able not only to purchase the needed tractors, trucks and various agricultural machines, but also to build small enterprises for the initial processing of raw materials, preserving fruit and storing raw or salted vegetables. It is very profitable for the kolkhozs to have their own enterprises, where they can process and preserve the produce remaining after settling accounts with the state and the farmers.

A number of kolkhozs already have their own wineries where they process the part of the grapes remaining after settling accounts with the state and the collective farmers. The output of these wineries is sold at the local market. This practice became quite popular at the kolkhozs which are located near the large towns and industrial centers. For instance, the kolkhoz named in memory of the 51st Perekop division, in Odessa region has built with its own resources a good winery, purchased for it the necessary barrels, equipment, etc. and is processing part of its product at its own enterprise. Part of the produce is divided among the farmers according to the work contributed by them, and part is sold at the market to the local population. Therefore, it would be expedient to allow the kolkhozs to build their own enterprises for the initial processing of the grapes and to use them at their discretion.

V. Rozhin:

Accountants and Economists of the Collective Farms in the Light of New Tasks

The decisions of the February plenary session of the Central Committee of the CPSU and also of the USSR Supreme Soviet demand that the kolkhozs give more attention to the economic aspect of production. Therefore it is necessary to strengthen the collective farm accountants and economists.

Under present conditions every large kolkhoz is a complex multi-branch enterprise, requiring strict accounting of income and expense, expenditure of labor, evaluation of work not only in terms of volume of production but also in terms of cost. Also of great importance is the correct system of settling accounts with the collective farmers and organizations, and determining the effectiveness of utilization of machine technology being acquired by the agricultural artel. All this considerably enhances the role of accounting and economic analysis on the kolkhozs. But here numerous difficulties arise. Among them are the unsatisfactory condition of the existing system of accounting and record-keeping of the kolkhozs, the lag of the kolkhoz cadres of accountants and economists behind contemporary requirements, the lack of a method generally recognized and accepted by the kolkhozs for determining the cost of production, the profitableness of various branches, crops and types of stock, as well as of labor productivity, and the lack of necessary literature on these problems. True, our publishing houses (the State Agricultural Publishing House, etc.) are publishing books and brochures on calculating production cost in agriculture and on other questions of accounting. But such literature is not always easy for an average bookkeeper to understand, because of its obtruse presentation and also its contradictions. One work, for instance, suggests evaluating the produce given to the farmers in kind for working days by the state purchasing price; another — by the cost of production; and the third — by state retail prices. And when some kolkhozs start counting by one method, others by another, the results conflict.

All this proves that it is necessary to work out, as soon as possible methods for the basic types of economic analysis (production cost, profitableness, labor productivity) and to publish practical manuals for applying them. There is great need for such manuals now, when the acquisition of machinery by the kolkhozs makes careful accounting and the calculation of economic indices on a new basis particularly important.

The acquistion by the kolkhozs of the machinery of the Machine-Tractor Stations and its utilization not only essentially changes the organizational-operational aspect of kolkhoz production but also changes the amount and character of accounting and economic work. The planning of requirements in fuel and oil, in spare parts, etc., is now included in the scope of responsibilities of the bookkeepers and economist-planners of the kolkhozs.

In connection with this it is necessary to think about the qualifications of bookkeeping cadres and their level of specialized training. By January 1st, 1957, out of 515 senior bookkeepers of kolkhozs in 52 regions of Krasnodar territory, only 35 had secondary special training, 202 had graduated from departments of accounting of agricultural schools, 181 were enrolled in all-Union correspondence courses, 91 were attending short courses in accounting, and six had no special training at all. The assistant bookkeepers, i.e. the accountants responsible for certain aspects of accounting (labor, materials, settling accounts, etc.), in most cases also are poorly trained for work in the kolkhozs. Out of 3,130 accountants only 50 have secondary school training, 672 studied accounting in the agricultural schools, 757 were enrolled in the all-Union correspondence courses and 686 in the accounting correspondence courses, while 965 were self-taught and had received no special training in accounting.

The bookkeepers and accountants of the kolkhozs rely in their routine work on the timekeepers of the various brigades, farms and auxiliary enterprises, most of whom hav no training at all in accounting. These people prepare the initial documents, which are the basis of all further accoun ing and bookkeeping, and calculate the working days, very often without any control and with unreliable results.

Some leaders recommend improving accounting in the kolkhozs by enlisting the services of the workers of the accounting apparatus of the MTS. But this will hardly help solve the basic problem. As a matter of fact the level of training of the bookkeepers at these stations is definitely not high. For instance, out of 150 senior bookkeepers of th MTS in Krasnodar territory only three have higher special education and 17 secondary. Most of them are practical workers, for whom it would be difficult to work in the mult branch large-scale kolkhozs.

One should also say a few words about the economic cadres. At the kolkhozs and MTS of Krasnodar territory there are eleven economists who have a higher and 135 a secondary special education. This number is clearly insuf cient for the kolkhozs, even if we suppose that the MTS ec omists would go to work in the kolkhozs. But the large-sc kolkhozs badly need specialists of this caliber.

Another urgent question is who should inspect the financial economic activities of the kolkhozs, give instructions to their bookkeepers, give them necessary assistance in a justing accounting and bookkeeping as well as work on economic analysis. Up to the reorganization of the MTS this function was performed by MTS instructor-bookkeepers w specialized in accounting for the kolkhozs. Under the new conditions it is hardly possible to rely on the inspection committees elected by the general meetings of the collective farmers. The accounting-financial and economic oper tions of the kolkhozs are so complex and broad that inspec ing them requires solid professional knowledge and skill which the regular collective farmers do not possess.

Obviously, special instructor-inspectors are needed to carry on, at least once a year, state inspection of the artel's economy. To what organization should they be attach after the reorganization of the MTS? This question is bou up with the reorganization of the regional Soviet apparatus In our opinion, it would be expedient to create groups of agricultural specialists composed of an agronomist, zootechnician, veterinarian, organizer of land exploitation, economist-planner, statistician, etc., placing them directl under the chairman of the regional executive committee o his deputy. This group should also include a highly qualifi instructor-inspector, capable of helping the kolkhoz bookkeepers organize accounting and finances and arrange wo on economic analysis.

In order to bring the work on accounting, financial aspe and planning in the kolkhozs up to the level of contempora requirements, it is necessary to undertake a number of u gent measures in the near future. In particular, it is nece sary to increase immediately in institutions of higher lea ing and technicums the number of students specializing in accounting and economics for the kolkhozs. This can be a complished at the expense of other, less deficient special ties, and also by transferring some students (agronomists zootechnicians, etc.) to training as bookkeepers and economists for kolkhozs. One can expect that not a few studen will agree to train for the special fields which are urgent needed for the national economy.

An important role in training and improving the qualifi tions of accountants and timekeepers belongs to the agric tural technicums, where special sections on accounting should be created with a considerable contingent of studen A wide network of special courses is needed for training

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N. Linkun:

Research of the Institute of Economics, USSR Academy of Sciences, in 1957

In 1957 the Institute of Economics of the USSR Academy of Sciences studied the problems of the political economy of socialism (primarily with respect to the economic problems of building communism in the USSR), did research on the problems of the world socialist economic system, the general laws and peculiarities of development of socialism in the people's democracies, and worked out questions on the history of the national economy and economic thought in the USSR.

The Institute has investigated a number of new basic problems of political economy. For instance, in preparing the third edition of the textbook "Political Economy" (authors: Academician K. V. Ostrovitianov, Corresponding Member of the USSR Academy of Sciences L. A. Leontiev, Academician I. D. Laptev, Doctor of Economics L. M. Gatovsky and Professor Kuzminov) essential changes were made in the treatment of a number of economic categories. The principal questions treated in the third edition of "Political Economy" were discussed at an augmented session of the Scientific Council, as well as at the scientific session of the economists of the socialist countries convoked by the Institute of Economics. The new points were used in the working out of a number of economic problems in preparing the third edition of the textbook and is already reflected in the work of Soviet economists and in the teaching of economics.

On the problem of "expanded reproduction and the balance of the USSR national economy" three monographs were prepared: J. A. Kronrod; "The Social Product and Its Structure Under Socialism;" M. V. Kolganov, "National Income of the Socialist Society;" and T. V. Ryabushkin, "Statistical Methods of Analysis of the Structure of the National Economy and the Correlation of Its Elements." In these works the authors investigate questions of proportions and interrelations of different branches of the national economy, substantiate the classification of the branches of economy and systems of the most important economic indices of the national economy needed to calculate inter-branch proportions. These monographs are of definite value for preparing the balances of national economy anf for long-range planning; for comparing the economic indices of the USSR and the capitalist countries.

The collective work "Problems of Socialist Reproduction" is devoted to the same problem. The first section of this work discusses some methodological questions concerning the theory of reproduction; the second, problems of large-scale reproduction of the labor force in the national economy; and the third includes articles on the history of different theories of reproduction and criticizes the concepts of the bourgeois economists in this field.

The collective of the Institute is also studying the problem of "The Law of Value and Its Application in Economic Construction." This problem was the topic of the all-Union conference which included scientific workers, teachers at institutions of higher learning, directors of plants and factories, kolkhoz chairmen, employees of the State Planning Commission of the USSR, ministries, etc. During this conference reports were heard by Academician K. V. Ostrovitianov on "Commodity Production and Its Peculiarities Under Socialism;" by Doctor of Economics L. M. Gatovsky on "The Role of the Law of Value in the National Economy of the USSR;" by Academician I. D. Laptev on "The Law of Value and Kolkhoz Production;" by Candidate of Economics A. G. Kulikov on "The Law of Value and Price Formation in the USSR;" by Vice-President of the State Bank V. S. Graschenko on "Self-Support and Ways to Strengthen It;" and by the director of the Perovsk machine-building plant, V. P. Zhukov on "Self-Support of the Industrial Enterprise and Strengthening Material Incentive." Some of these materials have already been published. A collection of the stenographic transcripts of the lectures and speeches during that conference will be published soon. On the basis of the proceedings of this conference the Institute prepared recommendations concerning improving the application of the law of value. The collective of the Institute prepared the work "Prices and Price Formation for Consumer's Goods" and also are preparing other works on problems of price formation.

The work of N. S. Lisitzyn, published by the Institute, "Financing Soviet State Retail Trade," which was awarded the prize of the Presidium of the USSR Academy of Sciences, has great practical value. The author discusses the role and place of bank credit in forming the circulating funds of state retail trade in the USSR, in particular its commodity reserves, and outlines ways to improve the organization and utilization of the circulating funds of trade organizations. The Board of the State Bank decided to apply the author's method of crediting to the trade organizations.

In 1957 some sectors of the Institute studied methodological problems connected with the solution of the basic economic task of the USSR, and also worked out the methodology of comparing the economic indices of the USSR with those of the USA.

The collective of the Institute is taking an active part in the work of preparing the long-range plan of the development of the national economy for 1959-1965. Its scientists are working in the following commissions of the State Planning Committee: on the basic economic task of the USSR; on improving the material well-being and cultural level of the population; on agriculture; on the balance of the national economy; on labor and finances, and in the commision on economic regions, etc.

On the problem of "Ways of Raising Productivity of Social Labor and Lowering the Cost of Production in the USSR National Economy," a collective work has been completed on "Ways of Raising Labor Productivity in USSR Industry" (authors: Doctors of Economics K. I. Klimenko, A. I. Notkin and A. A. Arakelian, and Candidates of Economic Sciences N. S. Maslova, A. D. Yemelianov, S. A. Heinman and G. N. Yefstafiev). This work is based on an analysis of data concerning the reorganization of industrial management.

In J. B. Kwasha's work "Statistical Methods of Investigating the Mechanization of Labor and Automation of Industry," a new classification of professions and occupations is proposed for the planned all-Union census (taking into consideration the qualifications and mechanization of labor), which has been approved by the Scientific Methodology Council of the USSR Central Statistical Administration. It also includes an analysis of the process of mechanization of labor in various branches of our industry, in comparison with data on American industry.

The investigation of Candidate of Economic Sciences A. V. Vorobieva, “Savings in the Utilization of Material Resources,” includes practical proposals concerning the strengthening of self-support and raising the role of material incentive for thrift and rational utilization of raw-material resources by enterprises and various branches of industry.

Candidate of Economic Sciences N. G. Gratchev’s work, “The Role of the Method of Statistical Groupings in the Study of Industrial Economics in the USSR,” discusses in detail the system and principles of applying the method of groupings in industry. The author investigates the influence of a number of factors on the level of production cost, the amount of losses and the pace of work in the sugar and textile industries.

The published investigation by Doctor of Economics M. V. Dmitriev, “Questions of Formation and Lowering Production Costs in Light Industry,” analyzes the indices of development of the basic branches of light industry in connection with the dynamics and level of production cost and also methods for lowering it.

Of great importance are the researches in calculating labor productivity in agriculture. The Institute of Economics of the USSR Academy of Sciences, together with the All-Union Agricultural Economics Research Institute and the State Planning Committee Research Institute, held a scientific conference on this problem. On the basis of work by the Institute of Economics and the materials of that conference recommendations were worked out for helping practical workers calculate correctly the productivity of agricultural labor, analyse its level and dynamics, and also find further possibilities for raising it. In 1957 the Institute published the collective work “Methods of Calculating the Productivity of Agricultural Labor.” Another investigation, “The Basic Problems of Calculating Production Cost in the Kolkhozs” (authors: Candidates of Economic Sciences V. G. Venjer, M. I. Kozlov, S. I. Semenov and M. I. Sidorova), discusses the problem of production in the kolkhoz sector of agriculture, proposes a method of calculating the cost of production in kolkhozs and gives recommendations for its application in kolkhoz bookkeeping, with the purpose of introducing complete self-support. The Institute published the collective work “The Problems of Strengthening the Kolkhozs Organizationally and Economically.”

In the published work of Candidate of Economic Sciences A. A. Chertkova, “Labor Productivity in USSR Railroad Transport and Methods of Raising It,” factors are analysed and reserves are revealed for increasing labor productivity, and its influence on lowering the cost of production and shipment and on the growth of accumulations.

In close contact with practical workers, the Institute carried on a methodological investigation on determining the economic effectiveness of capital investments, introducing new technique, and automating production. Scientific conferences were held also on the following topics: “Methods of Determining the Economic Effectiveness of New Technological Processes”; “Methods of Determining the Economic Effectiveness of New Types of Machines”; “Determining the Economic Effectiveness of Capital Investments in USSR Industry,” etc. These conferences discussed reports by Academician S. G. Strumilin, Corresponding Member of the USSR Academy of Sciences T. S. Khachaturov, and Doctors of Economics K. I. Klimenko and G. D. Bakulev. The work of Candidate of Economic Sciences N. G. Karottamm is devoted to the problems of the effectiveness of capital investments in socialist agriculture.

There are two basic works on the problem “Perspectives of Distribution of Socialist Production”: Doctor of Economics R. S. Lifshitz’ “Distribution of Ferrous Metallurgy in the USSR” and Candidate of Economic Sciences L. V. Opatzky’s “Distribution of the Food Industry of the USSR.” Candidate of Economic Sciences E. A. Pospelova’s “The Basic Problem of Distribution of the Dairy Industry of the USSR” was published. Together with the workers of the Yakutsk branch of the USSR Academy of Sciences a collective work was prepared on the problems of development and distribution of industry and transport in the Yakutsk Autonomous SSR.

The collective of the Institute paid more attention last year to investigating the problem “The World Socialist System of Economy.” Of great scientific importance was the scientific session of the economists of the socialist countries arranged by the Institute.(1)

The Institute has prepared a collective work by the economists of the socialist countries on “The Founding and Development of the Socialist System of Economy” and also a number of works on the problems “The World Socialis System of Economy,” “Development of the Union Between Town and Country in the European People’s Democracies,” “Economic Cooperation and Mutual Assistance Between the USSR and the European People’s Democracies,” and “Fore Trade of the European Countries in the Service of Socialism,” etc.

For the 40th anniversary of the Great October Socialist Revolution the collective work “The Soviet Socialist Economy 1917-1957” was published, including articles by a number of outstanding Soviet economists. This collection was awarded the prize of the Presidium of the USSR Academy of Sciences. It summarizes the laws of building socia ism and communism in the USSR and discusses the develo ment of all the important branches of the USSR national economy and the advantages of the Soviet socialist econom Among the works on the history of the USSR national economy should be noted the published works of N. M. Oznobin “Electrification of the USSR Over 40 Years;” of A. M. Korneyev, “The Textile Industry of the USSR and Its Development”; and of S. M. Lisichkin, “Essays on the Devel opment of the Oil Extracting Industry of the USSR” (published in March 1958.)

The Institute has prepared for publication the first part of Vol. II of the multi-volume study “History of Russian Economic Thought” and also a collection of articles on “The Road to Communism,” which includes materials on the most important economic problems of building the economy at the contemporary stage.

Last year the number of works prepared by the collecti of the Institute for publication increased considerably. Nearly 40 scientific works were sent to the publishing hou

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During 1957 the scientific councils of the Institute paid greater attention to discussion of the most important economic problems. In a number of cases these discussions were attended by outstanding scholars and specialists. F instance, the scientific council of the Institute of Econom discussed the theses of the report of Comrade N. S. Khru chev “On Further Perfection of the Organization of the M agement of Industry and Construction” and the report of Professor V. F. Vasyutin on “Problems of Distribution o Socialist Production in the Light of the Decisions of the February Plenary Session of the Central Committee of th CPSU.” The scientific council on political economy and t economy of the people’s democracies discussed the repo of M. Z. Bor on “The Planned Balance of the National

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(1) See Problems of Economics, No. 2 (English Translati

Economy and Its Place in the Planning of the National Economy" and the monograph by N. S. Lisitzyn, "Crediting of State Retail Trade of the USSR," and a number of other questions. Sessions of the scientific council on the economy of branches of the national economy and on statistics discussed the reports of T. V. Riabushkin and J. B. Kwasha on the results of the scientific conference on the problems of statistical methodology in studying labor productivity, V. G. Venger's article "Calculating the Cost of Production in the Kolkhozs," R. S. Lifshitz's book, "Distribution of Ferrous Metallurgy in the USSR," and the collective work "The Cost of Agricultural Production and Methods of Calculation."

Last year coordinated research by the Institute of Economics and other economic organs of the USSR Academy of Sciences and of the Union-republic Academies of Sciences worked on the following problems: ways to raise the productivity of social labor and lower the cost of production; the economic effectiveness of capital investments and introduction of new technique; development of the social economy of the agricultural artels and the relations between the MTS and the kolkhozs; distribution of productive forces and the complex development of the economic regions; law of value and price formation; reproduction and the balance of the national economy; history of the national economy of the USSR and of economic theories. Scientific conferences were held on a number of these problems, attended by representatives of economics institutes of the Union-republic Academies of Sciences and branches of the USSR Academy of Sciences, as well as representatives of economics institutes of different branches of industry.

Considerable attention was also paid to regional scientific conferences. In June 1957 a conference on problems of improving the social economy of the kolkhozs of the Polessye was held in Minsk. In October a conference was held in Tashkent on the distribution of socialist production and the complex development of the economic regions. In December a scientific conference on the problems of specialization and cooperation of machine-building enterprises and on methods of determining the effectiveness of capital investments was held in Yerevan. Similar conferences took place in other republics. Representatives of the Institute of Economics of the USSR Academy of Sciences took part in the work of these conferences.

The Institute of Economics of the USSR Academy of Sciences took an active part in the session of the Institute of Economics of the Academy of Sciences of the Ukrainian SSR dedicated to the 40th anniversary of the Ukraine.

Although some successes were achieved last year in coordinating scientific investigations, there still remain some serious defects in this field. For instance, the Institute did not properly coordinate its work with other institutions (the Research Institute of the USSR State Planning Committee, the Research Institute of Labor and the Institute of Agricultural Economics) and did not render enough assistance to the Union-republic institutes of economics and to the branches of the USSR Academy of Sciences.

Last year the international scientific contacts of the Institute of Economics, especially with the people's democracies were extended considerably. Scientific cooperation is realized through the joint working out of urgent problems of economic development of the socialist countries, strengthening of personal scientific contacts, joint scientific conferences and discussions on contemporary problems of the theory and practice of building socialism, etc.

Scholars from the socialist countries were frequent guests of the Institute. Here are a few examples. Last year a delegation of Rumanian economists, headed by scientific secretary of the Rumanian Academy of Sciences Academician Malinsky, visited the Institute. The Rumanian economists acquainted themselves in detail with the plan and work of the Institute and with its organizational structure, and participated in a scientific conference on "The Law of Value and Its Application in the USSR National Economy." A conference was held at the Institute on the problems of developing the national economy and economic theory in the Rumanian People's Republic, at which the guests presented their reports.

During the sojourn in Moscow of the Korean People's Democratic Republic Academy of Sciences delegation a plan for joint scientific research was worked out and assistance was rendered the Korean scientists in preparing the long-range scientific plan of the Institute of Economics and Law of the Korean Academy of Sciences.

The following gave lectures at the Institute: Assistant Director of the Party School of the Central Committee of the Albanian Labor Party, Assistant Professor Mara ("Basic Problems of Economic Development of the Albanian People's Republic"); Assistant Director of the Institute of Economics of the Polish Academy of Sciences, Professor Sokolovsky ("Contemporary Problems of Agricultural Development of Poland"); and Professor Krndia of Sarajevo University in Yugoslavia ("Some Problems of the Development of the Socialist System in the Federal People's Republic of Yugoslavia"). Young scientist-economists and postgraduate students from the people's democracies received consultations in the Institute and specialized in one or another field of economics.

International scientific contacts with the economists of capitalist countries also broadened. While in 1956 the Institute was visited by 30 foreign scientists, during last year there were about 80 (not counting the youth delegations attending the Youth Festival). Among the foreign scientists and well-known public figures who visited the Institute in 1957 were the Swedish economist, Professor Murdal, the General Secretary of the UN Economic Commission for Europe, who gave a lecture on Ricardo's theory of value; the Indian scientist-statistician and public figure Professor Makhalonobis, who lectured on Indian methods of investigation; and the leader of the League of Ceylon-USSR Friendship, Mr. Solomons, who presented a paper on the economy of Ceylon. Talks with economists from the US, England, France, Western Germany, Italy, Belgium, Sweden, Mexico and Chile were arranged in the Institute.

One of the forms of international scientific contact in the Institute of Economics are our members' visits abroad. Members of the Institute's section on the people's democracies visited Bulgaria, Rumania, Czechoslovakia and the German Democratic Republic. In those countries the Institute's representatives received assistance in working out economic problems included in the plan of the Institute of Economics of the USSR Academy of Sciences and in collecting scientific materials.

Associates of the Institute went abroad to give lectures and reports at scientific conferences and meetings in the people's democracies as well as in capitalist countries.

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The Institute achieved some success in investigating a number of urgent theoretical problems and problems relating to the national economy. But there are still some defects in this field. The Institute was unable to meet adequately the sharply increased requirements for the scientific working out of a number of economic problems in industry and capital construction. In this connection there arises the question of creating an Institute of Industrial Economics, because, with the present cadres in its industry sector, the Institute of Economics will continue to lag in working out some very important problems of industrial economics.

It must be pointed out that the Institute of Economics did not pose in proper time the basic questions about the new forms of interrelations between the Machine-Tractor Stations and the kolkhozs, which are outlined in the resolutions of the February plenary session of the CC of the CPSU. The main cause of this is in the fact that up to recent days among the agrarian economists some wrong dogmatic conceptions were popular. They thought that the forms of the agricultural economy would remain unchanged from their present status and do not require perfecting in accordance with the changing conditions.

The role of the Institute in investigating certain methodological problems of statistics, especially agricultural and demographic, the application of mathematical methods in economic investigations and the use of electronic computing machines for processing bulky materials needed for economic analysis needs improvement. All this demands strengthening the statistics sector of the Institute of Economics and, what is most important, organizing a special research institute of statistics.

The working out of the theoretical and economic problems of building socialism in the people's democracies undoubtedly is inadequate. The same may be said for problems of development of the world socialist system of economy as a whole. A basic flaw in the work of the Institute of Economics was the fact that the criticism of bourgeois reformist and revisionist theories on socialist economics was not adequate. It should be pointed out that for some time past the Institute has taken measures for organizing a regular review of the foreign literature in order to carry on a systematic struggle against bourgeois theories and reformism.

During the current year the Institute has planned to arrange for a number of scientific conferences, including one on the effectiveness of capital investments and the introduction of new technique into the economy, one conference with the participation of economists of the people's democracies on the problem of industrialization, and also regional conferences on the most important problems of the plan of research work for 1958, which is being carried on together with the institutes of economics of the Union republics.

At present the work of preparing the third edition of the textbook on political economy is being completed. In 1958 the following monographs have to be completed: "Problems of Methodology in the Balance of the National Economy of the USSR" (author — M. Z. Bor); "Reproduction of the Labor Force on an Enlarged Scale and the Balance of Labor in the USSR" (author — M. J. Sonin); "The Reproduction of Specialists for the National Economy" (author — V. E. Komarov). During the current year work on a number of other problems of reproduction was started ("The Reproduction of the Calculating Funds in the USSR"; "Problems of the Methodology of Balancing the Basic Funds"; "Problems of the Theory of Organization of Planning the Economy of the USSR" etc.). It is also planned to prepare for publication a textbook on the economics of agriculture, to publish the second edition of the textbook "Economics of Soviet Industry" and to give to the printers the work "The Socialist Industrialization of the People's Democracies."

The most important task of the research work of the Institute of Economics during the current year is to participate in the preparation of the long-range plan of development of the Soviet economy for 1959-1965. The very serious socio-economic changes taking place in the agricultural economy demand the working out of a number of new theoretical problems.

The conferences on coordination, attended by economists of the system of the USSR Academy of Sciences, which was held in February 1958, decided to revise the plan of scientific investigations in the field of agricultural economics in accordance with the resolutions of the February plenary session of the Central Committee of the CPSU in order to exchange experiences and establish unity in working out problems. It was also decided to circulate the work progra on the problem of "The Perspectives of Development of the Collective Farm System and the Interrelations of the State and Cooperative Sectors of the Economy" among the institutes of economics of the Union republics and the branches of the USSR Academy of Sciences. The conferences on coordination also decided to arrange during the fourth quarte of 1958 an all-Union conference with the purpose of generalizing the initial experience of reorganizing the MTS an working out necessary recommendations for further perfecting kolkhoz production. The Institute posed this task: to prepare in the shortest time a collection of articles on the development of the kolkhoz system and the reorganization of the MTS, in which theoretical problems are to be discussed and practical recommendations made.

The Institute of Economics is studying the problems of improving the system of agricultural prices in order to make recommendations on this problem.

The great task of communist construction posed by the 20th Congress of the Soviet Communist Party and by furthe decisions of the party and the government, demands intensi creative work from the collective of the Institute of Economics of the USSR Academy of Sciences.

Coordination of Economic Research in the System of the USSR Academy of Sciences

The coordination of research, carried on in the system of the USSR Academy of Sciences and the academies of sciences of the Union republics, is realized under the leadership of the Institute of Economics of the USSR Academy of Sciences. The eighth regular meeting, devoted to problems of coordination, was held February 24-27 1958 in Moscow.

During this meeting Academician I. D. Laptev gave a le ture. He gave a thorough characterization of the content o the economic problems selected for study in 1958. When t plan of scientific research was worked out, the significant changes which occured lately in the economy of the USSR were taken into consideration: the radical reconstruction industrial and construction management and the development of the kolkhoz system connected with the reorganization of the Machine-Tractor Stations. These measures, having great importance for Communist construction, foun reflection in the plan of research work.

Three basic problems determine the direction of scientific research of the Institute of Economics of the USSR Academy of Sciences this year: "Socialist Reproduction a the Basic Economic Task of the USSR," "The World Socia ist System of Economy, its General Laws and Peculiariti of Development," "The History of the National Economy a the History of Economic Thought of the USSR." In turn ea of them includes a number of theoretical and practical pr lems. For instance, in research on the first problem the leading place will be occupied by questions of long-range planning of Soviet economic development. The Institute o Economics of the USSR Academy of Sciences already is carrying out research on problems of the balance of the economy, raising labor productivity in industry and in agriculture, on the effectiveness of capital investment in the national economy and technical progress, improvement of the material well-being of the Soviet people, development of commodity circulation etc.

The lecturer also spoke in detail on the problems: "Ways for Raising the Productivity of Social Labor and Lowering the Cost of Production in the Soviet Economy," "The Economic Effectiveness of Capital Investments, Introduction of new Technique and Automation of Production," "The Principles of Distribution of Production, Specialization and Complex Development of Economic Regions of the USSR," "Socialist Reproduction and Balancing the National Economy," "The Law of Value and its Application in the Practice of Economic Construction."

I. D. Laptev pointed out the special importance of scientific research concerning the reorganization of the MTS and the creation of a material-technical base, owned by the kolkhozs themselves. This is a socio-economic process of great significance, determining a new stage in the development of the two forms of socialist property, state and cooperative-kolkhoz, involving the improvement of the economic relations between the state and the kolkhozs, between town and village. All this requires the study of a number of theoretical theses, and research on many practical problems because the path of development of the agricultural artel, the perspectives for raising cooperative-kolkhoz property to the all-national level are involved.

In connection with the reorganization of the MTS a number of questions, concerning the material-technical supply of the kolkhozs under new conditions, the utilization of machines etc., were posed. It is necessary to start serious scientific work on RTS economic calculation in conformity with the new type of economy.

The changes in the kolkhoz economy also demand a profound study of a number of problems connected with the extension of commodity-money relations, the application of the law of value in agricultural production, the improvement of the system of prices for the agricultural produce etc.

The economic organs of the USSR Academy of Sciences and the Academies of sciences of the Union republics have to take an active part in the working out of practical recommendations necessitated by the reorganization of the MTS.

For the successful realization of the long-range plan of research work all the necessary conditions exist. In the future it is planned to extend the base of economic investigations, in particular in the branches of the USSR Academy of Sciences. Considerable experience has already been accumulated in coordinating research activity, arranging regional conferences and publishing collective works. These and other forms of scientific collaboration should be utilized for a more fruitful study of important problems now being advanced.

An interesting report on the coordination of research work in the institutes of economics of the Baltic republics was presented by P. P. Dzerve (Institute of Economics, Academy of Sciences of the Lithuanian SSR). Constant scientific contacts in the Baltics are realized through regional conferences and meetings with participation of representatives of the research organs and the economic councils of the Estonian, Latvian and Lithuanian SSR. One such conference took place in February 1958 and was devoted to the problems of specialization and complex development of economy in these republics. As it is known, each of these republics is an economic administrative region. These regions have many common interests in the field of the division of labor, specialization of important branches of industry etc. Aside from the economists some practical specialists and chairmen and representatives of state farms presented reports on the perspectives of economic development of the Baltic republics.

The proceedings of the most interesting meetings and conferences are being published in the form of collections of scientific works. For instance a collection devoted to the specialization of and distribution of agricultural enterprises was compiled from the proceedings of the conference held at Vilna. The work of the joint economic session held at Tartu (in December 1957) will be published in a collection devoted to the problems of industrial specialization and complex development of the Latvian, Lithuanian and Estonian economy.

The basic purpose of the regional meetings is to avoid parallelism in scientific work, to coordinate the elaboration of complex problems and to consolidate the total efforts of the research organs and the practical workers. The joint discussions of problems on an inter-republican basis create much good, raise the effectiveness of scientific research and expedite the application of results.

Some brief remarks were made concerning the work of the institutes of economics of the republican academies of sciences and the branches of the USSR Academy of Sciences by: A. A. Nesterenko (Institute of Economics of the Ukrainian Academy of Sciences), I. N. Togoev (Institute of Economics of the Uzbek Academy of Sciences), N. I. Veduta (Institute of Economics of the Byelorussian Academy of Sciences), N. M. Kokossov (Economic section of the Urals branch of the USSR Academy of Sciences), A. A. Djagatspanian (Institute of Economics of the Armenian Academy of Sciences) and A. A. Makhmodov (Institute of Economics of the Azerbaijan SSR).

Those participating in the meeting heard a number of scientific reports. Doctor of Economic Sciences J. A. Kronrod reported on "The Social Product and its Structure under Socialism." Doctor of Economics K. I. Klimenko reported on "Methods of Determining Economic Effectiveness of Mechanization and Automation in Machine-building." Doctor of Economics J. G. Feigin reported on "The Basic Directions of Research on Problems of Distribution, Specialization and Complex Economic Regional Development."

In the resolution passed by the meeting it was pointed out that in coordinated research the most important problems are research in raising the productivity of social labor, lowering the cost of production and raising the profitableness of enterprises, the effectiveness of the capital investments, the introduction of new technique and new forms of production organization, the determination of the tempo and proportions of development of the economy of the country as a whole and of economic regions in particular.

In the coordinated list of subjects an important role should be occupied by the study of the effective use of the cost of production as a lever in the practice of enterprise self-finance, the elucidation of the scientific principles of distribution and perspectives of the complex development of economic regions. Serious attention should also be paid to the scientific study of the problem of rational development of different types of transport, research on specialization, cooperation and combination in industry, material stimulation of labor and improvement in the system of wages.

The meeting decided that it is necessary to intensify the investigation of the economic problems involved in the rapid development of agriculture. It was recommended to arrange in the near future discussions on the spot with the most active scientific workers on problems connected with the development of the kolkhoz system and the reorganization of the Machine-Tractor Stations. The Institute of Economics of the USSR Academy of Sciences, during the fourth quarter of the year, should organize an all-Union conference to generalize the first experiences with the reorganization of the MTS and to work out recommendations on the improvement of kolkhoz production.

The scientific work of economists should facilitate, in the opinion of those participating in the conference, the task of improving the system of statistics, the development of national and local accounting and the scientific and methodological principles of applying mathematical methods in planning socialist production.

The resolution of the meeting stressed the importance of intensifying the struggle against various bourgeois, reformist and revisionist “lines” concerning the problem of building communism in the USSR and the people’s democracies. The economists should engage in various forms of ideological struggle (scientific conferences, articles in the periodical publications, special collections of articles etc.).

The meeting approved the initiative of the Institute of Economics of the USSR Academy of Sciences on publishing scientific bulletins, promoting the development of the ideological struggle against contemporary bourgeois, reformist and revisionist theories.

It was agreed that it would be expedient to organize the coordination of the scientific work in 1958 on the following problems: “Ways for Raising the Productivity of Social Labor and Lowering the Cost of Production in the Soviet Economy,” “The Economic Effectiveness of Capital Investments, the Introduction of New Technique and the Automatization of Production,” “The Perspectives of Development of the Kolkhoz System and the Interrelations Between the State and Cooperative Sectors of the Economy,” “The Principles of Distribution, Specialization and Complex Development of Enterprises of the Economic Regions of the USSR,” “Socialist Reproduction and the Balance of the National Economy,” “The Law of Value and Its Application in the Practice of Economic Construction,” “The History of the National Economy and the History of Economic Thought in the USSR.” It is necessary to unite the efforts of economists of various economic organs of the USSR Academy of Sciences and academies of sciences of the Union republics for the study of a number of general problems on the basis of one and the same program.

The meeting approved the proposal for organizing institutes of economics of industry and statistics, forming branches of the Institute of Economics of the USSR Academy of Sciences in Leningrad, Kuibyshev and Rostov on Don and extending the base of economic research in some branches of the USSR Academy of Sciences.

Problems of the Economic Effectiveness of Capital Investment

In the latter part of February, 1958 at a session of the Scientific Council, Institute of Economics, USSR Academy of Sciences, there was a discussion of the problem of the economic effectiveness of capital investments. The following reports were heard: Academician S. G. Strumilin, “The Economic Effectiveness of New Technique;” Corresponding Member of the Academy T. S. Khachaturov, “The Economic Effectiveness of Capital Investment and the Methodology of its Study;” Doctor of Economics G. D. Bakulev, “The Principal Criteria for Determining the Economic Effectiveness of Capital Investment in Industry” and Doctor of Economics K. I. Klimenko “Methods of Determining the Economic Effectiveness of Complex Mechanization and Automation in Machine-Building.” Several communications also were read, in which urgent problems of the economic effectiveness of capital investments were elucidated theoretically and practically.

This discussion was in preparation for a scientific-technical conference planned for the near future on problems of the effectiveness of capital investments. Such a conference will be organized by the Institute of Economics together with the Union Council of Scientific-Technical Societies. Contact between scientific workers and practical workers of industry, who belong to scientific-technical societies, will make it possible to solve these problems in a more concrete manner and to work out scientifically substantiated recommendations for the economy as a whole as well as various branches.

T. S. Khachaturov noted that in recent years some rapprochement of various points of view on certain aspects of the problem of the effectiveness of capital investments became apparent.(1) By now almost all economists admit tha calculations of effectiveness must be based on the comparison of costs, inasmuch as the law of value is operative under socialism.

But, such questions as the effectiveness of capital investments in various branches and enterprises and in new technology should be discussed, as well as the question of properly considering the specific character of separate branch in regard to norms of effectiveness and terms of compensation. Questions concerning the comparison of effectiveness of capital investments under socialist conditions and under capitalist conditions should be studied, as well as the difference in the economic effectiveness of capital investmen after reconstruction and in new construction. A very important task is working out a list of recommendations for the future conference on the problems of effectiveness of capital investments.

G. D. Bakulev underlined that he differentiates between the indices of effectiveness of capital investments in bran of industry and the indices of the effectiveness of distribu of capital investments between branches of industry and individual enterprises and also the indices of the effectivene of capital investments within enterprises. It was shown in the report that in the distribution of capital investment am individual branches one cannot limit oneself to the method of material balances, even though it helps to establish proper proportions for branches. For a well founded planning of capital investment, securing rational proportions between the branches, the method of balances is inadequa The method of material balances, with which one can establish the quantitative proportions in first approximation, must be accompanied by a profound thorough economic analysis of the effectiveness of the planned capital investments. In the past the effectiveness of capital investment often was not considered by our planning organs. The reporter demonstrated it with the example of the developme of branches of industry occupied in producing fuels. For instance, the share of coal — a fuel demanding much labo and high in cost — still represents the greater part in ou fuel-balance (approximately 77% in use and 65% in extraction). Speaking about the basic criterion for determining the effectiveness of capital investments, the reporter suggested establishing the social value of production, i.e. the riterion of minimum labor expenditure. For the best aproach to the evaluation of the actual effectiveness of capial investments in accordance with the basic criterion a ystem of indices is required. Such a system must rely on he present method of taking stock of production and include abor productivity, the cost of production, specific capital nvestments, terms of compensation for additional capital nvestments through savings from reducing the cost of proluction (in building new and expanding old enterprises) and inally the terms of compensation from lowering the cost f production and increasing labor productivity (in cases equiring capital investment in implementing rationalizers' roposals and measures for organizational and technical mprovements).

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(1) The basic theses of the report of Comrade Khachatur were included in his article “Problems of Economic Effectiveness of Capital Investments in the Socialist Econo published in the magazine “Voprosy Economiki” No. 2, 1

K. I. Klimenko devoted his report to methods of determinng the economic effectiveness of complex mechanization nd automation in machine-building. In his opinion, determining the effectiveness of capital investments reduces to ommensurability of non-recurring and current expendiures and determining the saving of aggregate social labor. he index of compensation of the initial expenditures should e the decisive one. But at the same time particular addiional indices are needed: the cost of production, the growth f productivity of living labor, economy on materials etc. K. Klimenko considers that when determining economic efectiveness one has to differentiate three stages: pre-planing and planning; then the stage of introducing the project nd finally — the stage of taking stock. He pointed out urther the importance of the correct selection of the initial bject of comparison for the planned technical measures. For a more complete and correct accounting of the original xpenditures, especially when determining the economic ffectiveness of mechanization and automation, one has to onsider not only the investment in the basic funds, but lso the initial investment in the circulating resources.

The reporter illustrated this thesis by an example from he field of automation: in a number of cases in order to ecure the stability of the process one has to install on the utomatized lines bunkers with an additional supply of maerial or spare parts, which means increasing the circulatng means; in other cases, just the contrary, the acceleraion of the tempo of work, thanks to automation, leads to a ecrease of the circulating funds. As for the expenditures or scientific research, experimentation, planning and mastering, the results of which can be utilized in realizing imilar measures, such expenditures should not be included n the calculation of economic effectiveness and self-reayment. The expenditures on mastering and equipping should e considered as initial. When determining the economic ffectiveness of automation, the overhead expenses cannot e determined in proportion to the changes in wages. A irect calculation of the overhead expenses is needed. Such method is already being applied at one of the plants near Moscow, and also at the Experimental Research Institute f Metal-cutting Tools.

L. G. Vaag (Moscow Institute of Energetics) made a numer of critical observations on the reports which were disussed and said that they are far from the final solutions f the problem. In his opinion, this is explained by the fact hat in the reports that were discussed there are no scientifically substantiated recommendations for determining he terms of compensation and the main problem — the quantitative determination of value in monetary terms — is not solved. At the same time, he said, there is no disgreement on the general solution in principle of the probem of self-repayment of capital investment. In his opinion, the point of view of Academician Strumilin, according to which the terms of self-repayment should be calculated not in relation to the cost of production, but in relation to value, in which "s" is proportionate to "v" is wrong. Here one and the same quantity is considered twice: once the quantity of labor "s," used for the production of surplus product is calculated in proportion to living labor, and then to the same quantity another quantity is added proportionate to the capital investment. In this case the fact that new value is created only by living labor is ignored. And the sum of the labor expenditures taken into consideration is larger than the actual expenditures of labor in our society.

In the opinion of Comrade Vaag, of the reports presented, that of Comrade Khachaturov is the most acceptable. But he is wrong in asserting that the terms of self-repayment should be differentiated by branches. The uniform terms do not assume at all the necessity of equal technical equipment of different branches and cannot bring about such an equalization; they take into consideration only the objectively existing differences in technical equipment when determining the effectiveness of capital investments. Comrade Vaag thinks that for the entire economy there should be uniform terms of self-repayment and only under this condition would aggregate production be possible at the minimum cost. In his opinion, another defect of the report of Comrade Khachaturov is that the problem discussed in it is not adequately tied with the problems of price formation.

A. I. Notkin (Institute of Economics of the USSR Academy of Sciences) discussed the index of absolute effectiveness of capital investments in the economy as a whole, proposed by T. S. Khachaturov. This effectiveness is expressed through the ratio of national income to capital investment. He considers this index not well founded: capital investments are only one of the factors increasing the physical volume of the national income. The index of absolute effectiveness cannot be used for the distribution of capital investments among the branches of economy, for this distribution is tied with definite proportions in the national economy. If we consider that the coefficients of effectiveness of capital investments in different branches are unequal, (and such is the position of the reporter) then the index of absolute effectiveness does not yield anything for the solution of the question as to what extent, from the point of view of the economy, branch coefficients of relative effectiveness are acceptable. Sometimes the saving in the cost of production is compared with the national income which could be obtained in other sectors through a saving on capital investment at an average norm for the national economy as a whole. But in such a case it is forgotten that economy on current expenditures also serves as a source of accumulation, capital investment and growth of the physical volume of national income. But, the national income is calculated by taking into account the surplus product, while the economy on the cost of production — without it. So far the practical importance of the coefficient of absolute effectiveness for the socialist economy is not yet proved. Before offering this index to the planning organs it should be seriously thought over.

Turning to questions connected with determining the terms of self-repayment, A. I. Notkin underlined that this is a question relating to economic branches. One should not see in applying the terms of self-repayment an attempt to establish one and the same norm of profit for all branches. The economic nature of the difference in terms of self-repayment is not yet completely understood. In the opinion of Comrade Notkin, they are caused firstly, by the difference in the structure of the basic productive funds (buildings, constructions, various types of equipment are not in the same proportions) and therefore by difference in their turnover; secondly, by the different intensity of technical progress in different branches during each given period, which leads to different terms of time in the obsolescence of the equipment. The intensity of technical progress in each branch, in turn depends on the achievements of corresponding divisions of science and their applicability to production, as well as on the amount of resources which can be appropriated to the given branch in view of raising its technical level. We will obtain production savings from more effective technology only as long as the cost of production is lower than the average for the entire branch. At the same time it is expedient to calculate the terms (dates) of self-repayment on various planned tasks within the given branch from the very beginning of the capital investment in order to consider the different variants in relation to the dates of construction, technical reconstruction, and mastering of the productive powers, while the economy on the cost of production should be taken into consideration from the time when it really can be achieved on different projects. One has to bear in mind that at a certain stage this economy will begin to decrease in connection with the lowering of the average cost of production of the entire economic branch and in order to continue this process new investment would be required. Already some mathematical formulae for self-repayment were suggested (for instance, by M. P. Chuvilkin); these formulae take into consideration the dynamics of the cost of production savings and the construction time limit. Thus the problem arises of working out the norms of time-terms of self-repayments in different branches. In closing A. I. Notkin proposed to discuss, first of all, the urgent problems which were posed by the practice of socialist construction: the time of self-repayment, consideration of the time-limits of building the enterprises when determining economic effectiveness etc.

A. E. Probst (The Council for Studying the Productive Forces) subscribed to the practical propositions of Comrade Notkin. He said that in spite of all the disagreements, already some points of departure could be established which are not objected to by the majority of economists: the criterion of effectiveness can be only one — an increase in the productivity of social labor. But, because there is no direct connection between the utilization of capital investment per unit of product and the growth of labor productivity, it is not always possible to compare these indices. Then Comrade Probst pointed out that when calculating capital expenditures, investments in the interconnected branches should be considered. But, how can one reckon the interconnected expenditures? For instance comparing thermal power stations with the hydroelectric ones one has to consider the expenditures on fuel, but should one not consider the expenditures on the construction of a cement mill (for the state electric station) and on machine-building enterprises (for the thermal power stations and state electric stations), metallurgic plants etc.? In the opinion of Comrade Probst, the interconnected expenditures should be considered only in the branches connected with the production of circulating funds. He defended this thesis by the fact that between the branches producing and consuming circulating funds there exists a direct proportionality and constant connection, while between the branches producing and consuming basic funds the connection is episodic and not-constant.

I. G. Kurakov (The State Scientific-Technical Committee) posed some questions which, in his opinion, demand obligatory solution: what should be understood by capital investments and the methods of measuring their effectiveness; how should we determine the cost of production and the price of products; how compare the economic indices of the USSR and capitalist countries; finally, how calculate the time-limits of self-repayment? The reporter thinks that capital investment should include not only the basic, but also the circulating funds, and also, apparently, the funds spent on the development of sciences and on the development of new technique. Not only the time-limit of self-repayment, but also the specific investments are important The time-limit for self-repayment cannot be uniform, but it is possible to establish a time-limit for the national economy as a whole — five years. Only under such conditions will labor productivity grow in our country at a tempo which is necessary for solving the principal economic task. The time-limit of self-repayment depends on the difference between the price and the cost, on the tempo of growth of the basic funds and on the tempo of lowering price as the average cost of production. If we assume the average reduction of cost equal to 2.5% and the growth of basic funds approximately 7.5%, then the time-limit of self-repayment would be five years.

A. A. Stepankov (Institute of Economics of the USSR Academy of Sciences) criticized the formula offered by S. G. Strumilin for determining the value of a specific product of socialist production through addition to its cost of production of the value "of the product for society" a percentage of wages, equal for all branches. The unacceptability of the formula $c + v + vx(s/v)$ was already pointed out in the articles by Sh. Turetzky, I. Malyshev, A. Konson and others in the journal "Voprosy Ekonomiki." In the report of S. G. Strumilin the following data are cited the average cost of production of electric energy at hydroelectric station is 2.2 kopeks for one kilowatt-hour, and wages constitute 13% of it; while at the thermal stations the average cost of production of one kilowatt hour is 10 kopek and wages represent 10% of it.

If we were to realize the electric energy at the cost calculated on this basis, we would not have the necessary accumulations for reproduction on an enlarged scale and for social needs. According to Strumilin's formula the therma power stations yield a larger profit. But in fact, the therm and the hydroelectric stations are consolidated in systems of energy, i.e. they work together for the same consumer and the electric energy is realized at the rate of the given system of energy. With the average rate 14 kopeks per kil watt-hour the hydroelectric stations yield from the realization of one kilowatt-hour 12 kopeks net profit, while the thermal stations only four kopeks. At the same time Comra Stepankov supported the criticism by S. Strumilin of the suggestion advanced by Z. Chukhanov of accepting as the coefficient for effectiveness the ratio of growth of production in relation to capital investment.

A. G. Bassistov (the State Scientific-Technical Committee) criticized the reports of comrades Bakulev, Strumilin and Khachaturov for the lack of clear division in them of the problems of effectiveness of capital investment and the economic effectiveness of new technique. He disagreed wi I. G. Kurakov, K. I. Klimenko and L. A. Vaag, who propose in order to determine the economic effectiveness of new technique, including not only the basic, but also the circula ing funds when calculating the time-limit of self-repaymen of capital investments. In his opinion, the index of the tim limit of self-repayment, reflecting obsolescence, should b included in the formula of value. The latter has to reflect two mutually-opposite processes: on one hand, the proces of formation of value, and on the other hand, the process o losing value as the result of obsolescence.

A. A. Beschinsky (The Hydro-energy Project) stated wit satisfaction that the majority of economists agree with the necessity of comparing the initial and operating expendiures and that the index of the time-limit of self-repayment s accepted in planning practice. It means that this index is determined by certain objective factors and reflects them. But in the reports these objective processes are not analyzed. Comrade Beschinsky accepted the thesis of S. Strumi- in that only the calculation of the cost will make it possible to reveal the more progressive variant of capital investment. And L. A. Vaag is right when he underlines the close connection between the problems of price formation and the effectiveness of capital investment. Effectiveness should be calculated on the basis of prices which reflect value correctly.

V. A. Letenko (MVTU) expressed the desire that at the next conference reports on this problem be presented, based on the practice of branches. There should be a thorough report generalizing the practice of applying the method of calculating effectiveness. Aside from this a special report on time-limits of self-repayment is needed.

In the opinion of M. P. Feldman (The Krjijanovsky Institute of Energetics) the work of the next conference should end with the passing of some specific recommendations on the question of criteria of the effectiveness of capital investments and the economic effectiveness of introducing new technique. The Institute of Economics of the USSR Academy of Sciences should prepare necessary recommendations. It would be beneficial to limit the recommendation to general problems: theoretical explanation, the economic nature of the time-limit of self-repayment and a practical method of calculation.

A. P. Kolotushkina (The Union Institute of Agricultural Machine Building) discussed the question of the economic effectiveness of agricultural machine building, the assortment of which will increase more than three times according to the seven-year plan. As a thorough analysis showed, the share of wages in the cost of production of this branch is growing with the transition to the manufacturing of universal machines.

N. V. Altoundji (Woolen Industry Institute) underlined the importance of work on the problems of price formation in solving the problem posed for discussion. She expressed doubts about the feasibility of establishing a uniform time-limit of self-repayment for all branches of industry. In conclusion Comrade Altoundji supported the attempt of K. Klimenko to expand the conception of capital investment by including circulating funds.

G. I. Levin (Institute of Construction Economics) noted that during the discussions two lines were clearly revealed: 1) to consider effective those capital investments which lower the cost of production and 2) to use prices of production for the calculation of the index of the effectiveness of capital investment. But the price of production deviates from the cost of production. In principle, the point of view of S. Strumilin certainly is correct. But one cannot forget that value is revealed in its monetary form. Therefore the value of a given product can be measured only by its cost of production and the profit received by the enterprise producing it.

The chairman of the organizing committee which prepared the conference on problems of the effectiveness of capital investments, S. G. Puchkov, discussed mainly the organizational problems, and expressed the hope that the planned conference on this problem would be useful for the economic sciences and for the economy.

Advantages of the Socialist Economic System

(The Session of the Department of Political Economy of the Academy of Social Sciences at the Central Committee of the CPSU).

The Department of Political Economy of the Academy of Social Sciences discussed the question of the advantages of the socialist system of economy at a conference. A report was presented by Doctor of economics I. I. Kuzminov.

The theoretical elaboration of the question of the advantages of socialism occupies an important place in the ideological struggle against the apologists of capitalism. By the example of the USSR the working masses of the entire world are being clearly convinced of the vitality of socialism, of the advantages of the social ownership of the means of production, and of the planned system of economy. They see that socialism creates the real possibility of building and conducting an economy without any capitalists or landlords, in the interests of the people. Therefore, the bourgeois ideologists in the contemporary period, while eulogizing and embellishing capitalism, strive to neutralize the enormous revolutionizing role of the example of socialist construction in the USSR and the people's democracies, slandering socialism, and trying to deny or at least to minimize the achievements of the socialist economy. With that purpose in mind they use falsifications and distortions of the facts. The task of the Marxist economists is to expose tirelessly the tricks of bourgeois propaganda, to show on the basis of concrete facts the historical limits and internal weaknesses of the capitalist system and to reveal the advantages and achievements of Socialism. The scientific elaboration of the advantages of the socialist economy promotes the strengthening of the positions of socialism in the ideological struggle of the two camps.

The study of the problem of the advantages of the socialist economy is also very important for economic practice. To reveal the advantages of socialism means to reveal our possibilities and our reserves for accelerating the tempo of economic development and raising the living standard of the population. Therefore the question of advantages is not a question of abstract theory, but an urgent question of ideological struggle and economic construction.

A characteristic peculiarity of socialist economy is, before all, the steady increase of social production. Inherent in capitalist production is a spasmodic character of development. The development of socialist production does not know any stoppages, idleness and, even less, retrogression. During the period of 1921-1956 in the years of peaceful economic construction, the industrial production of the USSR was steadily increasing. During the same period in the capitalist countries production declined on several occasions, as the result ofcrises and business fluctuations.

The tempo of growth of economy and primarily of industry has decisive significance for the development and perspectives of economic competition between the two systems. As a result of the incomparably higher tempo of development our country is successfully overtaking and surpassing the most developed industrial countries in the total volume of production. In 1913 the level of industrial production of Russia was 14.5 times lower than that of the U.S.; 4.5 lower than that of England, 5.9 times lower than that of Germany and 2.5 times lower than that of France. As far as the general level of production is concerned, now the USSR is behind only the US. But if in 1913 industrial production of our country was 14.5 times lower than production in the US, in 1956 the volume of production of the USSR was lower than that of the US only 1.96 times. The time is not far off, when our country will not only catch up to the US in the total volume of production, but will surpass it. One should point out that in the volume of production of some branches of industry and agriculture the USSR already is ahead of the US.

According to the data published annually and monthly by the United Nations, the level of industrial production in 1956 in comparison with 1937 in the USSR was 522%, in the US — 232%, in England — 147%, in France — 172%, in Germany — 178%, in Japan — 177%, in Italy — 203%. These data show clearly that the superiority of the tempo of economic development inherent in socialism is revealed lately in whole measure.

Socialism is eliminating the enormous losses of social labor which are inherent in capitalism, as for instance: the waste of living labor and material goods resulting from competition, anarchy of production, economic crises, unemployment, extravagance of the exploiter classes and of the parasitic strata of the population.

Socialism is creating new, mighty sources of labor productivity and sets in motion new forces of social labor, arising as a result of better organization.

The first socialist country in the world, thanks to the superiority of the socialist economic system, expanded its technical equipment at a rapid pace in spite of the peculiarly difficult and complex conditions. The productive basic funds of the USSR increased by 1956, compared with 1913, some 14.8 times, and out of this the productive basic funds of industry and construction expanded 32.6 times. The number of workers in industry and construction increased during the same period 4.3 times. Thus, every industrial worker in 1956 was supplied with 7.6 times more basic funds than in 1913. This is a tremendous socialist achievement.

Thanks to the rapid growth of the technical equipment of labor and the development of socialist forms of organization, labor productivity in the USSR steadily and rapidly increased. During the period 1928-1955 the average tempo of growth of output in the USSR was 7.35%, while in the US it was 1.4%. By 1956 the yearly output per worker in Soviet industry increased approximately nine times, compared with 1913, and in the US 2.2 times; in France by 88% and in England 38%. At present the USSR's industry not only is not lagging behind in the level of output per worker, but is ahead of the industry of developed capitalist countries of Europe — England, Germany, France — and is behind only the US. But the extent of this lag has decreased considerably.

The authors of an anti-Soviet article, published in the February issue of the magazine "Fortune," Gilbert Bark and Sanford Parker, declare that the growth of production is achieved in the USSR not so much by the growth of productivity, as by involving more and more people in industrial employment. The socialist system of economy differs from the capitalist system in particular by the liquidation of unemployment and actually guarantees all citizens the right to work. This enormous achievement of socialism itself reflects the growth of the productivity of social labor. One has at the same time to stress that the Soviet economy could not achieve such outstanding successes in the growth of the volume of production if the development of socialist production were based only on the increase in the number of people employed. The number of workers occupied in industry increased from 1913 to 1956 by 4.3 times, while the output of industrial production increased by 30 times (in heavy industry by 43 times). It is clear that the main source of growth of production under socialism is the growth of labor productivity of every worker.

The advantages of socialism over capitalism are revealed in the betterment of the living conditions of the masses, in the improvement of their well-being and culture. Socialism, eliminating the system of hired slavery, actually secures the transformation of the working people into real masters and leaders of the country and liberates them from the constant threat of economic crises, unemployment and resulting calamity — the uncertainty of the next day. Socialism secures the steady growth of the well-being and culture of the toiling people.

The material base of the rise in the well-being of the people is the steady and rapid growth of the national income. The national income of the USSR increased from 1913 to 1957 by 20 times (in constant prices). Such a growth of national income made it possible not only to increase considerably the share and absolute amount of accumulation, but also to greatly increase the amount of consumption. The average annual wages of Soviet workers increased in the same period 3.7 times. And if we take into consideration that the working day was shortened from 9.9 hours in 1913 to 7.96 in 1956, the average wages per hour increased 4.8 times. During the same period the real income of working farmers increased on the average 5.4 times (if payments by the government and exemptions are taken into consideration On the basis of the growth of real revenues of the populatio an increase in the volume and a radical change in the structure of consumption occurred. The examination of the famil budgets of workers and farmers in 1956 showed that consum tion per family member of the most important products increased two or three and more times, compared with 1913.

Under the conditions of socialism, the consumption of high-quality garments, shoes, household articles and especially articles for improving living conditions is growing especially rapidly. Production of cotton cloth increased 1913-1956 more than twice; of woolens — 2.7 times; of silk fabrics — 18.9 times; production of leather footwear by 5.7 times; production of the sewing and knitting industry by 38 times and the production of articles serving to improve living conditions — by 37 times. As a whole, the production of all branches of industry producing goods of consumption (group "B") increased 13 times in the given period.

Also of great importance for the improvement of the living standard was the rapid development in the USSR of public health, popular education, arts and culture, various branches of servicing the population's needs etc. In the USSR the world's most advanced system of social security, public health service and national education are in existenc

During the period of Soviet power the national well-being has been steadily improving. The growing needs of socialis society are posing more and more new tasks for industry and are pushing ahead its development. The volume of outp of the branches producing consumer's goods is growing rapidly and at the same time the income and the demands c the population are also growing. Such a heritage of the pas as the inadequate development of housing, as well as the consequences of two world wars, cannot but affect the life and living conditions of the Soviet people. As the result of this, great and complicated tasks of the further developme of agriculture, construction of dwellings etc., arise which are being successfully solved by the Soviet people under the leadership of the Communist Party.

Having characterized the world-wide historical significance of the liquidation of the exploiting classes and the nationalization of the means of production in the USSR, I. I Kuzminov underlined that the advantages of the socialist system of economy are in the production relations under socialism and in the economic laws which express them.

The enormous creative might of the socialist system of economy was completely revealed in such great achievements of the Soviet people as the successful realization of socialist industrialization in a very short time and the collectivization of agriculture, the USSR victory in the Great Patriotic War, the rapid reconstruction of the economy after the war, the harnessing in two to three years of man millions of hectares of virgin and fallow lands, the mastering and development of enormous regions of the country whose natural resources had been untouched, and the outstanding victories of scientific and technical thought exemplified by the launching of the first sputniks.

With the defection from the capitalist system of a numb f countries of Europe and Asia and the formation of the vorld system of socialism, noted I. I. Kuzmimov, the adantages of socialism are being revealed not only in the imits of every individual country, but also in the interrelaions between the countries of the socialist camp. A new ype of economic relationship of planned cooperation and nutual assistance among equal and sovereign states was ormed. The development of international economic coopration is opening new great possibilities for the developnent of the entire world socialist system as a whole and of ach socialist country in particular.

The advantages of the socialist economy are being realzed in the process of the creative activity of the multinillion masses of workers of towns and villages, whose eforts are organized and directed by the Communist Party nd the Soviet state. For the most thorough utilization of the ossibilities inherent in the socialist organization of social roduction, it is necessary to understand the laws of ecoomic development and to build economic activity in accordnce with these laws.

With the development of the socialist economy the advanages of socialism are revealed more completely. Scientifc thought has to generalize economic practice, reveal all hat is new and progressive and promote the most complete tilization of the advantages of socialism.

The reconstruction of the management of industry and onstruction, achieved on the initiative of the Communist Party, can serve as an example of the proper utilization of ll the objective and subjective premises for perfecting soialist production and raising its effectiveness. The experince of industry working under the new conditions shows hat the organization of management on the territorial priniple responds in the best way to the urgent needs of develpment of the USSR economy, promotes the fullest realizaion of the advantages inherent in the socialist system of conomy.

Of great historical significance are the measures for the urther development of collective farming and the reorganiation of the MTS, which were worked out by the Party, and re now being realized. These measures will further trengthen the economic might of our country, will promote he further improvement of the well-being of the Soviet peole.

Candidate of Economic Sciences A. D. Kursky presented paper on "Planned Economic Development — an Advantage f Socialism."

The systematic character of economic development, conitioned by the socialist collectivizing of production, is one f the most important advantages of socialism over capitalsm. The planned management of the socialist economy neans the possibility of constant and conscientious observnce of proportional distribution of social labor among the ranches and spheres of production and regions of the couny.

The socialist planned economy, combining high norms of ccumulation with a steady growth of popular consumption, nakes it possible to allocate for accumulation a considerbly larger part of the national income than in the capitalist ountries. The planned character of reproduction determines not only the high tempo of growth of the entire social roduct, but also a radical change in its structure. A leadg place in the national economy is occupied by socialist ndustry, more than 70% of the product of which represents e means of production. On this basis the conditions for the ccelerated development of the branches producing consumpon goods and for the rapid development of housing are reated.

Planning is a mighty factor of technical progress. During the early years of the Soviet regime, years of unprecedented devastation, on the initiative of V. I. Lenin, the GOELRO plan was worked out which outlined the principles for the reequipment of the national economy on the basis of electrification. The ideas of GOELRO were later developed in the five-year plans, which secured the realization of technical reconstruction, the enormous sweep of production and the introduction of new technique into all branches of production. The advantages of socialist planning, the concentration of scientific-technical forces and of the material and financial resources for solving the most important scientific problems allowed Soviet scholars to occupy leading positions in the most important branches of science and technique.

The planned utilization of the labor resources of the country, securing full employment of the able-bodied part of the population, i.e. the real right to work of every citizen, has great importance for the steady and rapid growth of total social production. The high tempo of growth of socialist production is determined by the constant increase in the part of the population occupied in the economy, with a higher percentage of workers in the sphere of material production than in the capitalist countries. The planned development of advanced technique, the introduction into production on a large scale of the achievements of science, the use of advanced experiences and the raising of the cultural and technical level of the working class has created conditions for the systematic and rapid growth of labor productivity.

In the interest of more complete use of the advantages of the socialist planned economy the Communist Party is constantly improving the organizational forms of planning, following Lenin's principle of democratic centralism. Realization of this principle means the necessity of combining centralized planned leadership with the broad participation of the working masses in the management and planning of production. Raising the level of planning demands strengthening the economic substantiation of plans by branches, republics and economic regions, improvement of the proper balancing of the economic plans, proper coordination of long-range and current planning and strengthening material stimulation for the fulfillment of the plans.

In contradistinction to the "plans" worked out in some capitalist countries designed to secure gigantic profits for the monopolies, but unable to liquidate the ailments and profound contradictions of the capitalist method of production, the plans of a socialist country secure a steady and rapid development of the economy, raising the material well-being and culture of the nation. The planned character of the socialist economy is a mighty factor securing the victory of socialism in the economic competition with capitalism.

Candidate of Economic Sciences G. N. Yefstafiev presented a paper on "Lenin's Principle of Centralism in the Management of the Economy." The speaker showed that the principle of democratic centralism is a principle inherent in the socialist order of organization of management of the state and its economy. This principle means the necessity of harmonious combination of socialist democratism, securing the broad participation of the masses in the political, economic and cultural life of the country, with socialist centralism, which demands a single origin of planning in the management of the economy, unity of will and inviolable discipline.

The whole history of perfecting the forms of economic management in the USSR is directed to the all-sided development of the creative initiative and activity of the masses, said G. N. Yefstafiev. V. I. Lenin said: "We achieved successes exactly because we relied completely on the local elements, because we made elbow-room for them, because we expected from them that enthusiasm which has created the irresistibility and rapidity of action of our revolution."*

Characterizing the meaning of the reorganization of industrial and construction management carried out in 1957, the speaker offered several examples from the activities of economic councils in managing industry, and the development of specialization and cooperation among the enterprises and economic administrative regions, all of which testifies to the fact that the new organization of industrial and construction management promotes the maximum utilization of the inexhaustible reserves of development of the socialist economy.

The measures taken for the perfection of the organizational forms and methods of management of the socialist economy on the basis of the consistent realization and development of Lenin's principle of democratic centralism are creating conditions for gigantic progress and development of the productive forces of Soviet socialist society.

The report of M. F. Makarova was devoted to the peculiarities and advantages of the planned, organized market. Before the Socialist Revolution the market was identified with spontaneity, which was manifested specifically and vividly on the market. The relations between the private commodity producers, working for the common market, inevitably obtained the form of competition, the result of which was enrichment of the few and pauperization of the masses. The experience of socialist construction in the USSR showed that market and market connections also remain under socialism, but lose their spontaneous character. The problem of the role of the market in the socialist economy and the experience of the USSR in the development of Soviet trade have enormous theoretical and practical significance.

The Soviet state organized, developed and perfected the planning of the national economy, taking into consideration the preservation of commodity production, the existence of the market and its laws. As a result of the October Revolution and the victory of socialism, the market became in essence a component part of the planned socialist economy. Not only the entire product of the state enterprises, but also a considerable part of the product of the collective farms goes into social consumption through the organized market. Thus, for instance, in 1956 organized procurements and purchases embraced more than 88% of the marketed production of cereals, almost 70% for meat and more than 84% of the commodity output of milk and other dairy products.

The market subordinated to planning did not cease to be a market, it only became organized. The circulation, sale and purchase of goods express the production relations between the two friendly classes and promote the strengthening of their union. Trade binds together production and consumption and is playing an important role in the distribution of the national income between classes and groups of population, on one hand, and the funds of accumulation and consumption, on the other hand. For these reasons trade under socialism is one of the necessary and important conditions of socialist reproduction on an enlarged scale. Comrade Makarova criticized the opinions of certain contemporary bourgeois economists, who consider that in the USSR only kolkhoz trade is the sole rudimentary remainder of the market, and that state and cooperative trade have nothing in common with the market.

The sale of goods to the population through socialized trade, in contradistinction to capitalist trade, has as its aim not profit, but satisfying the needs of the working people. The planned market without competitors, without enormous expenditures for advertisements, for the storage of reserves for speculative purposes, is free of the extravagance which is organically inherent in capitalist trade. The expenditure on circulation in Soviet trade represent less than 8% of the retail price on the commodity, while in capitalist trade they represent more than 33%, and for some commodities up to 50 and 60%.

Then M. F. Makarova concentrated on some defects in Soviet trade and pointed out that the advantages of the planned market are not utilized completely. The work of studying the demands of the population still is poorly organized in trade, there are cases of incorrect determination of the structure of circulation of goods, and not enough attention is paid to the quality of goods. As a consequence of the defects in planning the circulation of goods, there have been observed lately a certain increase in the remainders of commodities and a slowing of the turnover of goods. All of this reflects an underestimation of the circulation of commodities, of sales and purchases as acts in which the final social recognition of the need and usefulness of any given commodity occurs, as well as of the amount of labor spent for manufacturing it. The further perfection of planning, raising the activity and responsibility of the local industrial and trading enterprises in connection with the new organization of economic management will promote the more complete utilization of all the advantages of the planned market and will accelerate the advance of our country to communism.

Candidate of Economic Sciences O. E. Gubaryeva devoted her report to the peculiarities and advantages of socialist reproduction as compared with capitalist reproduction.

The advantages of socialist reproduction against that of capitalism are characterized first of all by the high tempo of growth of the aggregate social product and national income. In the USSR the aggregate social product increased from 1928 to 1956 by 11 times, while in the US it increased from 149.3 billion dollars in 1929 to 297 billion in 1954, i.e. only twice. In the USSR the national income per capita increased from 1913 to 1956 by 13 times, while in the US for the same period it increased only twice.

The higher tempo of growth of the aggregate social product and of national income in the USSR is conditioned by th operation of the economic laws of socialism. Socialist reproduction on an enlarged scale is realized by the planned organization of social production based on the use of the latest achievements of science and technology in the interests of the most complete well-being of all the members of society.

Then Comrade Gubaryeva discussed the advantages of th reproduction of the labor force under socialism. These advantages are revealed not only in the more rapid tempo of growth of the number of workers occupied in material production, but also in the constantly growing proportion of qualified labor, in the high tempo of reproduction of cadres of highest qualifications. Thus, in 1956 in the USSR 71,000 engineers were graduated, while the corresponding figure in the US was 26,000 engineers.

In closing her report Comrade Gubaryeva characterized the basic peculiarities and advantages of the planned distribution of the national income under socialism. Bourgeois propaganda is trying to prove that the preferential development of heavy industry and the high level of accumulation in the USSR supposedly are achieved at the expense of consumption. As a matter of fact, in the USSR the physical volume of consumption funds as well as the funds of accumulation is constantly growing. The growth of the consumption fund of the working people is expressed in the increase of the real wages of the workers and employees and the incomes of the collective farmers.

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* V. I. Lenin, "Works," Vol. 33, p. 357.

Comrade Gubaryeva pointed out that the preferential rowth of Department I and the rapid technical progress of ne national economy are possible while the norm of accumuation is constant, for in this case too the absolute size of ne fund of accumulation is steadily growing. Therefore nose economists who say that the law of the preferential rowth of the production of means of production supposedly emands a constant increase of the norm of accumulation re wrong.

Candidate of Economic Sciences A. G. Omarovsky preented a paper on "The Advantages of the Development of ocialist Industry." Socialist industry is under social ownerhip and is developing according to a unified plan. This deermines the decisive advantages of Soviet industry, comared with capitalist industry. During the 40 years of Soviet ower the production of the means of production increased 4 times, the production of machine-building and metalorking by more than 200 times, of metal-cutting tools by 88 mes, of steam and gas turbines by 749 times. In our counry in the shortest time the production of automobiles and ractors, of airplanes and motor locomotives, of various adio and electrotechnical apparatus and many other mahines and equipment were organized. The production of lectric power increased more than 100 times. The producion of numerous products of the chemical industry was iniated: synthetic rubber, plastics, synthetic fibers, etc.

The socialist system of economy secured the steady rowth of the productivity of social labor. If the labor prouctivity of the workers of the USSR remained on the level f 1913, then the output of 1956 would require 136 million orkers instead of the actual number, 15 million.

The high tempo of development of heavy industry guaraneed the construction of the material-productive base of soialism, the technico-economic independence of the country, nd was the most important factor for the victory of the SSR in the war with Hitler Germany and imperialist Japan. ow the successful development of heavy industry serves as ne premise for the development of agriculture, the developent of light industry and the food industry, the extension of ousing construction and the steady growth of the well-being f the Soviet people.

The socialist system of economy secures the unheard of lossoming of sciences and technology. Since 1954 in the SSR the world's first atomic electric power station has een working. The USSR constructed the super-powerful article accelerator — the synchrophasotron, superior in ower to similar installations built in the US. Our industry reated high-speed turbo-jets, mighty hydraulic presses, odern tractors, combines and other agricultural machines. he oil-producing industry uses highly productive turbodrills d is preparing even more productive mechanisms — elecodrills. Great successes have been achieved in the prouction of rolling mills, electronic computing machines, ew products of the chemical industry etc. The greatest vent of our days is the launching of the Soviet artificial atellites, testifying to the exceptional achievements of scince, technology and industry in the USSR.

The Soviet Union long ago surpassed the capitalist counies of Europe in the output of the principal types of indusial production and is overtaking the US. Though our couny is still lagging behind the most developed capitalist counies in per capita output it possesses all the necessary nditions for solving — on the road of peaceful economic mpetition — the main economic task of overtaking and surssing in the historically shortest time the most developed pitalist countries in per capita output.

Candidate of Economic Sciences A. G. Kruglikov devoted s report to the advantages of socialist transport against the transport of capitalist countries. Along with the entire national economy in the USSR socialist transport is steadily developing and the means of transporation are systematically and rapidly growing. Thus, the freight turnover on the railroads of the USSR by 1955 increased more than ten times compared with 1928 and almost 15 times compared with 1913.

The antagonistic contradictions of capitalism cause great fluctuations in shipments and the underloading of transport. For instance, the turnover of freight on the railroads of the US in 1932 decreased — owing to the crisis — by 43% compared with 1929, and in 1954 it was 17% below the level of 1947.

The spontaneous development of the economy and the competition of capital occupied in transport lead to a great waste of social labor in the process of building the transport network and in its operation. For instance, big cities of the US are connected by several lines belonging to different competing companies (thus, between New York and Chicago there are eight railroads). As the result of irrational construction of railroads and competition of other types of transport during the last 40 years in the US about 55,000 kilometers of railroads were closed or dismantled.

The most important advantage of socialist transport is in the location of production and in the organization of the process of hauling, as well as in the coordination of the different types of transport. The various types of transport operate as the elements of one and the same transportation system of the country. In the USSR shipments by all types of transport are systematically growing, but at different tempos; in connection with this the share of the main type of transport — railroad — has dropped somewhat during the post-war years, and the role of truck, air and pipe transport is increasing.

The steady growth and planned organization of haulage secure high technico-economic indices for transport work. Thus, in 1956 the density of freight haulage on the railroads in the USSR reached nine million tons per kilometer of the operating length of the railroads, while in the US — 2.6 million tons; in England — 1.1 million tons; in France — 1.3 million tons. In comparison with 1913 the density of freight haulage on the railroads of the USSR increased more than eight times. Such a sharp jump in the increase of the carrying capacity of the roads was achieved through an increase in the weight of trains and an increase in their speed. The advantages of socialist transport are also revealed in the more effective utilization of the rolling stock. The productivity of one ton of freight-carrying capacity in the USSR is approximately 2.4 times higher than in the US.

But, it should be noted, said A. G. Kruglikov, that the advantages of the socialist system of economy are not yet utilized completely. This is true in relation to the distribution of production and transportation itself. The means for economizing on the expenditures of social labor for the haulage of freight are, on the one hand, in the relative decrease of shipments in comparison with production, on the basis of its rational distribution, and on the other hand in lowering the price of transportation. Of enormous significance for the decrease of the cost of haulage is the introduction of new, technically more perfect means of traction. Thus, according to data of 1956, the speed of freight traffic is increased by 8% with motor locomotive traction, and 29% with electric traction, compared with the steam traction; the weight of the train is increased accordingly by 8 and 20%, and the daily run of a locomotive by 37 and 52%. At present a broad program is in operation for transferring the roads of the USSR to motor and electric traction so that by 1970 steam locomotives will be replaced. Of particular importance will be the electrification of the most heavily loaded main lines, especially in the East.

During recent years measures for enlarging the truck transport organizations were taken. They were clearly manifested in the use of trucks and in lowering the cost of haulage. In 1956 truck transport of general use carried out 40.3% of all shipments, and the cost was 36.4% lower than on truck bases belonging to various departments. A further enlargement of the truck transport organizations along with improvement in the operation of trucks and construction of improved motor roads will allow us to lower sharply the cost of transport by truck.

Our air transport has been very successful. Some technically and economically excellent planes have been constructed; they allow us to lower the cost of carrying passengers by air to the level of the cost of passenger transportation by railroad.

Candidate of Economic Sciences A. A. Karavayev spoke on the advantages of socialist agriculture. The victory of the Great October Revolution led to the creation of a new social order in the Soviet village — collective farming. With the victory of the collective farming system the social nature of agriculture was radically changed. The system of collective farming during the past period proved its vitality and obvious advantage not only over small peasant agriculture, but also over big-scale capitalist agriculture. The possibilities of development of collective farming are inexhaustible.

The decisive basis of collective farming is the social ownership of the means of production and the equipment of agriculture with modern technique. Comrade Karavayev presented detailed data on the great technical revolution that occurred in agriculture during the years of Soviet power.

During recent years the Central Committee of the Communist Party took a number of measures for the development of agriculture and the strengthening of economic organization of the collective farms. These measures were approved by the 20th Congress of the Party, which sanctioned the grandiose program for a steep ascent of agriculture during the Sixth Five-Year Plan. Among such measures particularly important are the enlargement of the small-size kolkhozes and the extension of the material-technical base of agriculture, intensification of the material interest of the collective farms and farmers in the development of all the branches of production, the transition to a new order of planning and the reorganization of the Machine-Tractor Stations.

During the last three years the Communist Party achieved considerable successes in lifting all branches of agriculture. The task of mastering the enormous areas of virgin and fallow lands was solved brilliantly; great successes were achieved in the development of livestock; the gross and commodity production of all branches of agriculture has been considerably extended. Those successes allowed posing the task of overtaking and surpassing the US in the near future in the production of meat, milk and butter per capita of population.

Doctor of Economics G. A. Kozlov characterized the advantages of the financial system of socialism. The peculiarities of commodity-monetary relations under socialism lie first of all in the fact that these relations are based on social ownership. Commodity production under socialism is commodity production of a special kind. These relations are free of antagonistic contradictions, they are realized according to a plan and feel the determining influence of the basic economic law of socialism. The state budgets of the socialist countries reflect the rise of the national economy and the growth of the national income. The decisive source of the revenues of the state budgets of the socialist countries is the net income of the socialist enterprises (in the budget of the USSR — about 85%); for capitalist budgets its main source is withdrawal from the income derived from the labor of the working people. Taxes take more than one-third of the income of workers in the US.

Budget expenditures of capitalist countries are three quarters military expenses. In the socialist countries the overwhelming part of budget expenditures are directed for capital investments, social and cultural purposes (in the budget of the USSR — more than 70%) i.e. for the expansion of socialist production and for raising the well-being of the population. It should be pointed out that the social and cultural expenditures of the state budget are together with wages a most important factor for raising the real income of the working people. The state budget and the entire finan cial system of the socialist countries are an element of the planned economy and a means for the fulfillment of the plan Finances of socialist countries are characterized by exceptional stability.

The credit system of socialism also has great advantages Under socialism the bank network is nationalized and united into a State Bank. Credit operations reflect the process of reproduction of the social product, the circulation of material values and the settling of accounts in the turnover of commodities. Under capitalism the cyclical rise in the economy is usually accompanied by the so-called credit "expansion," which undermines the stability of the credit system. Under socialism cyclical development is excluded: production growing steadily. In the USSR the doubling of th volume of industrial production during 1950-1956 caused a general increase of credit only by approximately 50%. The socialist credit system is not bound at all with the movements of fictitious capital. The socialist credit system pro jects itself as a tool for the union of town and village. The state extends broad credit to the collective farmers for building electric power stations, developing stock-raising, purchasing agricultural machinery and other economic measures. The credit system plays a great role in stimulating the fulfillment of the plans and the development of th socialist economy.

The advantages of the monetary system of the USSR lie primarily in the fact that money under socialism is the general equivalent of a special kind which cannot be transformed into capital. Money in the socialist economy serve as a tool of accounting and control. The system of ensurin money has an essential advantage different in principle fr that under capitalism. As long as there is no antagonistic contradiction between commodity and money under the socialist system, all commodities sold at stable state prices appear as the security for money along with gold. In a socialist society the constantly strengthening money circula tion becomes a factor for the steady growth of the nation's well-being.

Candidate of Economic Sciences V. V. Rymalov devoted his paper to some results of the competition between the two economy systems in the world arena. The October Re lution saw the beginning of decay of the capitalist system. After the Second World War a number of peoples of Asia and Europe followed the road of the October Revolution. Socialism developed into a mighty world system.

The weaker the positions of capitalism, the louder becomes the propaganda of the West, asserting that after th war capitalism gained strength. Striving to "refute" Leni thesis on the decay of capitalism in the epoch of imperial ism, the bourgeois economists cite data concerning the growth of industrial production in the capitalist world. B even the facts cited by bourgeois statistics show that exeme instability remained the principle feature of the de- elopment of capitalism even in the post-war years. The elatively high level of activity in the post-war period is de- rmined by transient factors brought to light at the 20th ongress of the CPSU. The operation of these factors, ac- ording to the latest statistical data, is coming to naught. he capitalist world is on the threshold of new serious eco- omic shocks.

Bourgeois propaganda is trying to prove that after the war ie standard of living of the toiling masses in the capitalist ountries increased sharply. But, the official data show that uring seven out of eleven post-war years the per capita out- ut of agricultural products, including foodstuffs, in the apitalist world was lower than the extremely inadequate evel of 1934-1938, and during the rest of the years — was lightly above that level. In a number of capitalist coun- ries, first of all in the largest of them — the US — during ecent years compulsory reduction of sown areas is in wide ractice.

While agriculture of the capitalist world is stagnating, in ie socialist countries rapid development of agricultural roduction is observed. During recent years in the social- st countries tens of millions of hectares of new land were rought into use. The Soviet Union and the people's democ- acies are successfully solving the problem of sharply in- reasing the per capita production of the main agricultural roducts.

The analysis of conditions prevailing in the economically nderdeveloped countries in the world capitalist economy, aid Comrade Rymalov, shows that the profound abyss be- veen the levels of economic development of a small group f capitalist powers and the economically backward coun- ries not only did not decrease during the post-war years, ut continues to increase. As shown by the data of the "Eco- omic Survey of the UN for 1955" the tempo of growth of ross product per capita in these countries during the post- ar period was six times lower than the average of the capi- list world, and more than nine times lower compared with ie industrially developed capitalist countries. Hence, the onditions of the economically underdeveloped countries in e capitalist system are getting worse.

A different picture obtains in the development of the coun- ies of the socialist system. Here there are countries large territory and population as well as comparatively small ountries, countries with different degrees of industrial evelopment. On the basis of the new character of relations etween the socialist countries with all-sided mutual as- stance and cooperation the less developed countries are pidly improving their economy with the help of the more eveloped countries.

Post-graduate student A. Sabolchik underlined in his per the international significance of the experience of ilding socialism in the USSR. Socialist construction in all ountries follows common laws. Lenin considered it most portant "to know how to apply the general and basic prin- ples of communism to the relations between the classes d parties, to the objective development toward communism culiar to every individual country, which one has to know w to study, to find, to sense."(2)

The experience of building socialism in Czechoslovakia futes the inventions of bourgeois ideologists that social- m is a national peculiarity of Russia.

Comrade Sabolchik spoke about the realization of the ogram outlined by the Communist Party of Czechoslo- kia for the creation of a highly developed industry with eferential development of heavy industry. Though bourgeois Czechoslovakia belonged to the highly developed industrial countries, the structure of its industry and the geographic distribution of the productive forces were not rational. Czechoslovakia was a part of the capitalist system of world economy. This led to a hypertrophied development of branches which allowed it, having low wages, to compete on the international market. In 1930 in the textile, leather, shoe and glass branches of industry were 42% of all workers, while in the metallurgical industry, machine building and metal-working only 24% were occupied. The export of machines in 1929 represented only 4.5% of the total export, in 1953 it was raised to 40%.

The international division of labor in the socialist camp and the unselfish economic assistance of the Soviet Union to the people's democracies allow these countries rapidly to develop the most important branches of their national economy.

In its agrarian policy the Communist Party of Czechoslovakia follows Lenin's theory, strengthening the unity of the working class with the peasantry, with the leading role belonging to the working class. Taking into consideration the peculiarities of the economic development of the village in Czechoslovakia, the Communist Party of Czechoslovakia attempted to realize the agrarian reform under the slogan "Land to those who till it." The agrarian reform of 1945-1949 resulted in the considerable weakening of capitalism in agriculture. The peasantry was freed of all debts, the total of which in bourgeois Czechoslovakia in 1936 amounted to 36 billion koruny.

Building socialism in the village is being realized on the basis of Lenin's principles of cooperation. The policy of restriction and exclusion of the kulaks, the agrarian reform and redeeming agricultural machinery from the kulaks — all this undermined the economic base of the kulaks. The socialist sector now contains 61.4% of all the arable land.

The well-being of the peoples of Czechoslovakia improved quite considerably; during the last four years alone (1954-1957) the consumption of the population increased by more than 40%. The average wages of the workers increased during that period from 1,138 koruny up to 1,300 koruny, i.e. by 14%. As the result of reductions of retail prices during 1953-1956 the population received savings amounting to more than 14 billion koruny per year.

The peasants' standard of living is rapidly improving. The price policy for agricultural products and the reduction of prices for consumer's goods promote the growth of peasant income. During 1956 alone the gross income of the peasantry increased 9.4%. The state is paying great attention to the development of public health, education, sciences and culture.

Measures for improving the work of the state and economic apparatus and perfection planning are of great importance. The decisions of the 1956 Congress of the Communist Party of Czechoslovakia providing for improvements in planning, and the elimination of extreme centralization in the management of the national economy are being realized.

The report of Candidate of Economic Sciences M. F. Kovalieva was also devoted to the problem of the international importance of the experience of building socialism in the USSR. The Great October Socialist Revolution and building socialism in the USSR are an example of the bringing to life of the Marxist-Leninist theory of scientific socialism. "We have approached tasks in a practical way which were previously approached in an abstract way. This experience will not be lost. ... It is embodied in the victory of socialism, and on the basis of this experience the future international revolution will build its so-

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) V. I. Lenin, "Works," Vol. 31, pp. 69-70.

cialist edifice."(3) So said Lenin in 1918.

The victory of socialism in the USSR was ensured by the fact that the socialist revolution was led by the vanguard of the working class — the Party of Marx and Lenin, which had rallied the working masses around the working class and led them to the overthrow of the gentry-capitalist regime. As the result of the Great October Socialist Revolution the power of the exploiting classes was destroyed, the old state machine was demolished and the state of the dictatorship of the proletariat was established, which became the tool for the suppression of the resistance of the exploiting classes and for building a socialist society.

The socialist revolution transformed the means of production into social property. Having taken into its hands the commanding economic heights dictatorship of the proletariat was able to lead the development of the entire economy of the country on the road to socialism.

The revolutionary solution of the land problem and organization of the union between socialist industry and the peasants' petty-commodity economy strengthened the unity between workers and peasants and made it possible for the working class to lead the peasantry towards socialism.

The realization of socialist industrialization, the collectivization of agriculture and the liquidation of the last exploiting class — the kulaks — ensured the complete victory of socialism in the USSR. This historical victory was gained as the result of the uncompromising struggle of the Communist Party against all kinds of vacillations, hesitations and opportunism.

In the process of building socialism the socialist method of production management — the method of democratic centralism — was worked out; socialist methods of conducting the economy, based on planned development, on self-financing, on socialist forms of organization and payment for labor and on socialist competition were also developed.

The experience of building socialism in the USSR is being creatively utilized by the people's democracies. In those countries the methods, forms and directions of socialist construction and management worked out and checked by experience in the USSR are being applied, and are modified in detail according to the conditions of each country. The people's democracies in building socialism rely on the advanced Soviet sciences, on the technical and industrial achievements of the USSR and on the unselfish economic assistance of the Soviet Union. All this is facilitating and accelerating the building of socialism in the countries of the world socialist system.

Post-graduate student A. D. Kuznetsov read a paper on foreign literature reflecting the growth of the economic might of socialism and the weakening of the positions of capitalism. As a result of the steady and rapid growth of the economic might of the USSR and other countries of the world socialist system a considerable change in relative positions in the interests of socialism and to the detriment of capitalism have occurred. Citing examples of statements in the foreign press about the steady growth of the economic might of the USSR and the basic flaws of the capitalist economy, Comrade Kuznetsov showed how the truth about socialism and its obvious advantages was promulgated, provoking fright among enemies and strengthening hopes among millions of exploited people.

Candidate of Economic Sciences A. M. Alexeyev devoted his speech to the critical analysis of the US report published in July, 1957, "Soviet Economic Growth: A Comparison with the United States," which was prepared by the Joint Economic Committee of the US Congress with the participation of 40 outstanding bourgeois economists. The entire report is permeated with the attempt of its authors to see the Soviet Union as weak, and the US as strong. The authors of the report deliberately distort the facts which characterize the might and strength of the USSR's economy. But, the successes of the USSR in the economic contest of the two systems are so great that they cannot be concealed by pilin up garbled statements and falsifications.

As it is known, the tempo of growth of industrial production constitutes the deciding factor, on which the result of th economic contest of the two systems depends. The authors of the report are forced to admit that during 1928-1955 American capitalism, competing with socialism, lost on the basic question — on the question of the tempo of growth of industrial production. They were also forced to admit that in the future too the Soviet Union would retain superiority in the tempo of industrial development.

The most important component part of the economic contest between socialism and capitalism is competition in the development of sciences and technique. The authors of the report admit that in the field of training engineers and specialists in physics the indices of the USSR exceed the indices of the US. They admit that Soviet industry is capable of producing high quality products in any branch, that in th field of high energy physics the Russians achieved outstanding successes and their experimental equipment was highly praised by scientific specialists of the West.

Trying to salvage and rehabilitate capitalism, the author went as far as to ascribe to American capitalism some traits and achievements of the socialist order. These assertions of the authors of the report have nothing in common with reality. The big bourgeoisie of the US in pursuit of monopoly profits carry on an offensive against the standard of living of the broad masses of the people. Ever worker in capitalist countries is being convinced daily by his own experience that the attempts of the bourgeois ideologists to embellish capitalism are groundless.

In November, 1957, an influential American newspaper asked with anxiety: for whom is time working — for the Soviet Union or the United States? Numerous facts, including the facts cited in the report "Soviet Economic Growth: A Comparison with the United States," show that time is working for the Soviet Union. This explains why capitalism in its contest with socialism is losing one position after another, and finally will be forced to make way to a superior social order.

Candidate of Economic Sciences L. B. Alter criticized the bourgeois "theory of socialism."

The question of the advantages of the socialist system o economy over that of capitalism is the cardinal problem o our epoch. The basic advantages of socialism are proved by the entire experience of economic construction in the USSR and the people's democracies and thereby the unavo able victory of socialism in economic competition with capitalism is predetermined.

Under these conditions the bourgeois economists and sociologists strive to depreciate by all means, to defame the advantages of socialism, to distort its nature. After t Second World War, when socialism exceeded the bounds o one country and became transformed into a world system the bourgeois economists were forced to abandon the tact of keeping silent about the socialist method of production now they are trying to give it their own, bourgeois-apologetic interpretation.

The ideological campaign of contemporary bourgeois political economy against socialism is following three ba directions:

a) "criticism" of socialism, attempts to blacken and ander the socialist order, to discredit it in the eyes the toilers;

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(3) V. I. Lenin, "Works," Vol. 27, p. 377.

b) invention of all kinds of "theories of socialism," that e as a matter of fact profound distortions of its real es- nce;

c) propaganda about various theories of "transformation" capitalism, according to which capitalism, supposedly, being transformed into some progressive system.

The task of Soviet economists is to give a resolute rebuff this ideological campaign of the imperialist bourgeoisie, expose the slanderous inventions of the enemies of so- alism, to develop broad scientific propaganda for the ad- ntages of socialism. Our scientific work in the field of iticism of bourgeois political economy should be raised a new, higher level. In this important task we must rely t only on the analysis of the laws of development of cap- alist economy, but also to utilize in the struggle against urgeois political economy the entire theoretical arsenal socialist political economy. The experience of building mmunism in the USSR and in the people's democracies is convincing refutation of bourgeois political economy.

This session showed the fruitfulness of collective work on e problem of the advantages of the socialist method of pro- ction. It is planned to publish the proceedings of this ssion in a special collection.

. Alexandrov:

Discussion Concerning the Economics f the Construction Industry

The Moscow S. Ordjonikidze Engineering-Economic In- itute in the last three years organized several scientific nferences on the economic problems of construction, which re conducted with the participation of practical special- s. The latest conference took place recently, during the eparation period for the Third All-Union Conference on nstruction, and was devoted to the problem of raising the onomic effectiveness of capital investments in construc- n through the improvement of the economics, organiza- n and planning of production. Participants in the con- ence were the Department of Construction Economics the USSR Gosstroy [State Construction Administration], Scientific Research Institute of Construction Economics d the economics and organization section of the Scientific- search Society of the Building Industry. About a thousand presentatives of economic councils, scientific-research titutes, institutions of higher education, construction erprises and departments attended the session.

A number of reports were presented for discussion. ese reports related to the urgent economic tasks of con- uction for industry and housing.

n the report, prepared under the leadership of Doctor of chnical Sciences E. I. Onischik (MIEI), an analysis was en of the technico-economic effectiveness of certain con- uctive solutions of typical dwelling projects. This report cussed from an economic standpoint the design peculiar- es of a number of pilot dwelling projects on the basis of ich construction is taking place in the central zone of the SR. For comparison the indices of typical housing proj- s appearing on a large scale abroad were used. The lysis of these data showed that building weights here are restimated an average of 41% without any reason for it. h uneconomical planning of dwelling construction leads to a considerable overexpenditure of building materials, in particular of cement.

The authors of the report recommended a number of improvements in typical, i.e. most economical projects. The effectiveness of their recommendations was confirmed by proper calculations (lighter construction of brick and slag-block walls, laying shallower foundation, etc.).

A number of reports heard at the plenary and sectional meetings showed that in the field of construction economics the gap between theory and practice had not yet been overcome. Representatives of scientific-research organizations are inadequately generalizing the progressive experiences in the planning and organizing of production obtained in a number of economic administrative regions of the country. In connection with this the report of the deputy chief of the Glavmosstry [Central Moscow Construction Administration], A. A. Etmekdjian, on "The Technical and Economic Advantages of Large-scale Territorial Construction Organizations," attracted much interest. The enlargement of the construction organizations on a territorial basis, according to the Moscow experience, is one of the important organizational measures, permitting the lowering of labor, material and money expenditures, along with raising labor productivity and lowering of the cost of construction.

Before the foundation of the Central Moscow Construction Organization the existence of numerous small organizations, subordinated to different ministries and departments, held back the development of construction industrialization and specialization, resulted in an irrational expenditure of resources on the bases of production, in raising the estimates on construction, etc. During the four years of existence of the Central Moscow Construction Organization it became possible to achieve a noticeable improvement in economic indices. For instance, the cost of buildings and installations on the projects of the Central Moscow Construction Organization was lowered by almost 15% and on all the expenditures savings were made compared with the estimated cost.

The experience in lowering the cost at the leading Cherepovetz Metallurgical-Construction Trust, which was discussed in detail at the conference, is of considerable interest for practical builders as well as for the economists. Last year not one of the organizations of that trust suffered any loss. The cost of one square meter of living quarters for this trust was approximately 28% lower than for the Moscow organization, and amounted to 1,260 rubles. The complex production enterprises created during the period of construction preparation and the transition to conveyer production in construction of large-paneled houses secured a considerable reduction of the cost of building and assembling. The increase in the number of complex brigades, raising wages, improving the organization of labor, the introduction of payments for work according to the fulfillment of the task, accurate planning, the transition to the self-financing and work according the daily schedules: all this played an important role. It is interesting to note that the reduction of the cost of materials and articles manufactured at the auxiliary enterprises of the trust resulted in savings of one million rubles. The savings derived from the realization of suggestions made by rationalizers and from the lowering of overhead expenses amounted in 1957 to four million rubles.

The reorganization of industrial and construction management created great possibilities for the better utilization of the productive base of the construction organizations in the economic regions. The experience of the Kuibyshev Economic Council testifies to this. In its work for improving the planning of construction, there was a broad participation of workers and trade-union organizations. Thus, as a result of mass discussion of the perspective plan for the large Construction-Assembling Trust No. 25 (in particular on the introduction of new technique) it was planned to fulfill the task of increasing labor productivity not in five years, but in 3.5 years. This became possible thanks to the valuable proposals submitted by the construction innovators during the discussion of several projects.

The experience in working out a scheme for the development and placement of the productive base for the building industry in a number of Kuibyshev regions is also of practical interest. The report of P. B. Gorbushin (of the Scientific-Research Institute of Construction Economics) was devoted to the principles of development and distribution of such bases in the economic administrative regions. This speaker stressed the need to consider not only the requirements of the construction organizations subordinate to the economic councils but also the needs of all the other construction projects on the territory of the region, including those of individuals and collective farms. This, in turn, demands a more complete utilization of local building materials and the proper adjustment of specifications so that local construction materials could be used.

At the conference urgent problems of applying self-financing in different aspects of construction were discussed. A characterization of the status of self-financing in the building industry and its dependence on the skillful application of the objective laws of socialism was given in the report of Assistant Professor B. J. Ionas (MIEI). The experience in organizing operative planning and self-financing at the lower echelons of construction was discussed by M. A. Amstibovitsky (Ministry of Construction of the Kazakh SSR), G. D. Peder (Southern Metallurgy Construction Trust of the Cheliabinsk Economic Council) and M. A. Artemchik (Industrial Construction Trust of the Sverdlovsk Economic Council). The reports of the practical workers showed once more that the problems of self-financing have not found enough reflection in the work of economists, and that those working on production still run into many unsolved problems. It was also noted that one of the serious obstacles to a wider introduction of self-financing in the lower links often is the lack of personal material interest among those who are directly performing the work.

The participants of the conference also heard the report of Doctor of Economics B. M. Sokolov (Scientific-Research Institute of Construction Economics) in which he touched upon a number of important questions of unfinished construction and establishing limits for material stockpiles. The speaker dwelled on the very conception of the term unfinished construction, which has not yet been clearly defined. He proposed formulating the economic essence and content of three different conceptions: a) uncompleted capital investments, b) unfinished construction and c) unfinished construction processes.

It was pointed out in the report that one cannot identify unfinished construction with the necessary size of material stockpiles. The material stockpile is only that part of the unfinished construction which is needed for the uninterrupted completion of the operation. In its economic nature the normal material stockpile in capital construction is identical with unfinished production in industry.

B. M. Sokolov criticized the groundlessness of arguments about the impossibility of normalizing the closing-ups and the use in practice of methods of planning the unfinished production and normalization of closing-ups already well-tried in industry. He proposed a formula for determining the material stockpile norm which can be used in corresponding conditions.

The reports and discussions during the conference revealed an increased interest in economic problems among builders. There is a desire to utilize the great experience of the foremost producers for the scientific substantiation of the best construction organization methods on the basis of raising the economic effectiveness of capital investmen In this connection the recommendations of the section whi worked on the problem of lowering the cost of constructio deserve attention. In particular, there was a proposal, addressed to the Institute of Construction Economics and other scientific-research organizations, to complete, as soon as possible, the working out of methods for the economic evaluation of plans accepted for buildings and installations. Its indices and measurements are extremely necessary for determining the economic effectiveness of various designs used in construction. Another important and practical proposal concerns the perfection of norms and technical conditions when planning the objects of construction with large-size blocks (panels). That section also recommended selecting a number of pilot constructions in order to try out new progressive designs, of whic much was said during the conference.

The section which had discussed the problems of loweri the cost of work on building and assembling advanced as one of the most pressing tasks the necessity of working ou a method of determining the order of assembling building establishing norms for assembling industrial and agricultural buildings, and also the normalization of the size of stockpiles in construction under different conditions. The was a desire to introduce necessary changes in bookkeepi and accounting in order to determine more accurately the level of labor productivity on the objects of construction.

The section on planning, self-support and price formati worked very actively. Its participants heard an incisive r port by Assistant Professor V. G. Girovsky (MIEI) who presented a number of theses on problems which were di cussed by the section. In its resolutions is reflected the unanimous aspiration for the further development of prog sive organizational forms (enlargement and specializatio of construction organizations, creation in the economic a ministrative regions of unified material-productive base etc.). It is also considered as desirable to consolidate all the good features accumulated by builders under the new industrial and construction management system. In rega to the problems of price formation, a unanimous decision made on the necessity of utilizing this economic categor a mighty factor for lowering the cost of construction, wh in turn, demands the establishment of stable prices in co struction.

The significance for the national economy of stability estimated construction costs is extremely important. Th fore the participants of the conference demanded the eli tion of the gap between designing and planning, between t estimated and planned figures and ensuring standards fo planners and builders.

In the resolutions of the conference the importance of improving the financing practices and simplifying the bu system of bank control was stressed; it was proposed to abolish the system of advances and supply the construct organizations with their own circulating funds, for this would increase their economic independence. It was admitted that it is necessary widely to disseminate the exp ence of organizing self-support at the lower echelons an to enlist scientific-research cadres for the thorough stu and generalization of the problem. In the decisions take was also pointed out that the intensification of the role o economics in all the branches of construction urgently r quires improving sharply the economic training of cons tion cadres. For that purpose it was recommended, in

ular, to use more widely the possibilities offered by cor-
spondence courses.

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The conference on the problem of raising the economic
fectiveness of capital investment in construction promoted
oad familiarization with advanced experience in the build-
g industry. During the conference a number of important
oblems were advanced. The necessity of coordinating sci-
tific research in economics with urgent practical demands
s underlined. The recommendations of the conference
ncerned urgent practical problems. The timely realiza-
on of the decisions of the conference will help to improve
e organization of construction, as well as its economic
dices.

I. Perelutse:*

the Institute of Economics, Academy f Sciences, Rumanian People's epublic

The Scientific-Research Institute of Economics of the
manian Academy of Sciences was founded in 1953. During
e last five years, while acquiring experience, the circle
the economic research carried on in the Institute has been
panding. At present it has the following sectors: general
onomy and planning of national economy; industrial
onomics; agricultural economics; finances and commodi-
es turnover; statistics; monographic research; economics
socialist countries; economics of capitalist countries;
story of national economics and economic thought. In 1957
ose working in these sectors achieved certain successes
the field of scientific-research activity. This was re-
ected in particular in the better quality of the published
rks of the Institute's collective.

In 1957 eight works were published, among them: a col-
ctive work "The Development of Economics of the RPR on
Road of Socialism" (1948-1957); "Essay on the Develop-
ent of Pre-Monopolistic Capitalism in Rumania" (N. N.
nstantineskou); "Essay on Monopoly Capitalism in Ru-
nia" (I. Mountianou and G. Matey); "On the Transition
riod From Capitalism to Socialism in the RPR" (A.
phanou and I. Bianou); "An Investigation of the Demand
Commodities in Socialist Trade" (I. Ioneskou); etc.
parate monographs were devoted to the economic analysis
the activities of the Budesht Machine-Tractor Station and
the economic development of the socialist countries of
rope.

n the near future it is planned to publish a number of
rks devoted to concrete economic problems: labor pro-
tivity in the coal industry; socialist reorganization of
riculture, the history of economics in Rumania, etc.

n 1957 the Institute started complex research on produc-
n relations and studies of the results of socialist reor-
nization in agriculture. With that purpose eight zones and
rtain small regions of the country were investigated. The
ndant documentary material collected is now being
died by the workers of Institute sectors. In 1958 it is
nned to investigate a number of other industrial and
ricultural zones.

The results of scientific research were discussed at sci-
ific sessions organized by the RPR Academy Institute of
onomics and its sectors. Thus, in October 1957 a scientific session was held devoted to the 40th anniversary of the Great October Socialist Revolution; in December there was a session which was timed to coincide with the tenth anniversary of the proclamation of the Rumanian People's Republic. At these sessions 30 scientific reports on general problems of socialist economics were heard, as well as on industrial and agricultural economics, on problems of commodity turnover and finance, statistics, and the history of national economics and economic thought.

During the current year the Publishing House of Foreign Literature will publish in Russian the book "Development of the RPR Economy on the Road to Socialism," which was prepared by the Institute for the tenth anniversary of the RPR.

Aside from performing scientific-research work stipulated by the plan, the workers of the Institute take an active part in giving public lectures and in carrying on consultations on various questions of economics. The workers of the Institute have published a number of articles in several scientific magazines ("The Class Struggle"; "Problems of Economics"; "Statistical Journal"; "Transactions of the Institute of History of the Rumanian Worker's Party"; etc.).

During the past year the scientific contacts of the Institute with foreign scholars, in particular with the economists of socialist countries, were considerably extended. One should especially note the cooperation in the field of economics with the representatives of scientific-research organization of the USSR, primarily the exchange of delegations. In June, 1957, a delegation of our Institute (Academician V. Malinsky; Corresponding Member of the RPR Academy I. Rachmut, Deputy Director of the Institute; Assistant Professor K. Mourdjesou and the Scientific Secretary, G. Dobre) visited the Institute of Economics of the USSR Academy of Sciences in Moscow. In the Institute of Economics of the RPR Academy a seminar was held on economics, at which the members of the delegation appeared before the economists and scientific workers of Bucharest with reports on the most important problems discussed at the conferences in Moscow.

During the sojourn of the Rumanian delegation in the USSR other forms of cooperation were coordinated, for instance, joint work by both institutes on certain scientific topics, the exchange of publications and mutual documentary information. Thus, the Institute of Economics of the RPR Academy took part in work on such problems as "The Socialist Industrialization of the People's Democracies" and "The Formation and Development of the Socialist System of World Economy." In the collective of authors who worked on different parts of the works mentioned above, our Institute was represented by Assistant-Professor N. N. Konstantineskou and Kh. D. Sterian. For 1958 joint research on the topic "Collectivization of Agriculture in the Socialist Countries" is planned.

In October, 1957, by invitation of the Presidium of the RPR Academy and its Institute of Economics, Academician V. S. Nemchinov visited the Rumanian People's Republic. He made acquaintance with our economic research, met the economists of Bucharest and Kluja, visited some scientific institutes and organizations and gave a number of public lectures. During the same year our Institute was visited by representatives of the Institute of Economics of the USSR Academy of Sciences — I. Kariagin, P. Oleinik and V. Starodubrovskaya.

Also in 1957 a representative of the Institute of Economics of the RPR Academy took part in the scientific conference on problems of the international division of labor in the socialist world system, which was held in Prague. Scientific missions of workers of the Institute were sent to the People's

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cientific Secretary of the RPR Institute of Economics.

Republic of Bulgaria and the Korean People's Democratic Republic.

The scientific council of the Institute discussed at its meetings the work of a number of sectors (agricultural economics, history of national economics and economic thought, statistics, economics of socialist countries and economics of capitalist countries). This discussion showed that every sector of the Institute is actively cooperating with various organizations of the capital city and other regions of the country (people's councils, university departments, etc.). Every sector holds consultations on economic questions and prepares information when asked by those organizations. During the past year the cooperation of the Institute collective with the sectors on economic research of the Yassy and Kluj branches of the RPR Academy became closer.

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The Second Congress of the Rumanian Worker's Party posed an urgent task for the Institute of Economics of the RPR Academy: to work out theoretically a number of important economic problems which are closely connected with the socialist development of the country's economy. Therefore the plan of scientific work of the Institute for 1958 provided for research in a number of specific economic problems, as for instance: investigation of the cost of oil-field drilling, questions of commodity circulation between towns and villages, etc. The characteristic feature of the plan for 1958 is the transition to fundamental scientific work on such particularly important problems as "The Price System in the RPR in the period 1947-1957;" "The Economic Analysis of the Formation and Distribution of National Income in the RPR;" "The Economic Analysis of the Standard of Living;" "The Balance of the Labor Force in the RPR;" "The Profitableness of Foreign Trade of the RPR;" "The Socialist Reorganization of Agriculture in the RPR;" "The History of the Monetary System in the RPR (1867-1957);" "The History of the Development of Capitalism in Rumanian Industry;" etc.

For the realization of this research the Institute has formed several authors' collectives, which include workers of the Institute, of the State Planning Commission, the Central Statistical Administration, the Committee on Prices, the Committee on Labor and Wages, etc.

In the development of the economy of the country, Resita and adjacent regions played a significant role (a large-sc metallurgical combine is located here). In this connection monograph on the metallurgical plants of Resita, which we founded 200 years ago, is included in the plan of work of th Institute for 1958-1959. It will be written in cooperation with the workers of the Ministry of Heavy Industry, the Institute of History of the Rumanian Workers' Party and othe institutions. The main attention in the work on this topic will be paid to the study of the economic changes which occurred after the nationalization of the principal means of production in this region. The monograph will also deal wi the perspectives of development of the combine and the role that it has to play in the realization of the 15-year pla of development of ferrous metallurgy in the RPR.

The Institute of Economics will continue in 1958 to study the experience of economic construction in the USSR and other socialist countries, in particular the practice of improving economic planning. It is planned to collect document materials on the socialist division of labor on an inte national scale and to study the economics of the underdeve oped countries of Southeast Asia after they gained indepen ence.

It is planned to prepare several scientific works during the current year exposing contemporary bourgeois theorie in the field of economics, primarily the ideas of the followers of Keynes, and also to investigate critically on the basis of Marxist-Leninist theses some current problems of capitalist economics ("The Common Market," "Euratom "Agrarian Crisis in the Capitalist Countries with Agriculture of a Colonial Type," etc.).

In 1958 the Institute will publish as before the quarterly bulletin "Conditions and Economic Problems of the Social ist Countries" and the bulletin "Conditions and Economic Problems in the Capitalist Countries." Aside from this, it is planned to publish another bulletin devoted to investigations on the spot in the fields of industry, agriculture, trade, etc. In addition to our monthly theoretical magazin "Problems of Economics" it has been decided to issue a bi-monthly supplement, "The Rumanian Economy," in whic the problems of economic policy, the planning of the national economy as related to branches and enterprises an problems of labor and wages will be elucidated.

ROZHIN (Continued From Page 82)

and improving the qualifications of timekeepers for the field and tractor brigades, farms and auxiliary enterprises. The regular courses for accountants very often do not include information necessary for timekeepers.

One must bear in mind that all the measures for training and improving qualifications of the cadres for the kolkhozs will have a perceptible effect only after several years. Therefore it is also important to take measures in another direction: to attract to kolkhoz work the best bookkeepers and economists now working in municipal and regional enterprises and offices. For workers with theoretical and practical training such a change in qualifications would not be difficult. Naturally, the kolkhozs should create good material living conditions for them. One would think that many of them would remain in the kolkhozs for permanent work, and those among them who desired to return after three c four years to their former jobs would be replaced, withou harm to the kolkhozs, by the newly-trained specialists.

After the reorganization of the MTS the kolkhozs will f difficulties arising from the fact that their system of acc ing and bookeeping is not adapted to the new requirement In our opinion, the kolkhozs should continue to use the sy tems of bookkeeping and accounting of tractor work whic were used by the MTS. For the future a new system of a counting, bookkeeping and planning in the kolkhozs should be worked out as soon as possible, one which would be organically tied with the new conditions aris from the purchase of tractors, combines and other agricultural machines of the MTS and their use in the kolkhozs.

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